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NEWS SUMMARY

No deal, say siege police

'our self-professed members of the Provisional IRA /ere last night still holding a Post Office official and his /ife hostage in the Marylebone, London, first floor at which they burst into after a police car chase on 'aturday night.

Outside the three-storey ock of council flats as it 'ecame known that the terror- 'ts had barricaded themselves id their hostages into a living- om, there were all the signs preparation for a long ›aghetti House-style siege. ak-jacketed armed police me and went at the run to eir positions and a catering n offered roast duck, Quiche 'rraine, chocolate gateaux, uit, cheese—and wine if re- lired. But police rejected the ınmen's requests for food, lowing them water only at e Balcombe Street flat.

The four men—police think ey have hand pistols—were communication with police er a field telephone as they rgained the lives of their stages, 53-year-old Mr. John ›nry Matthews, Postal Chief spector at Paddington strict office, and his wife eila, 54.

Last night Sir Robert Mack, :tropolitan Police Commis- ›ner, pressed to say whether chael Wilson, named by lice as the killer of Ross :Whirter was thought to be ıong them said: "We are rtainly not going to express y opinion on the identities ill we are certain."

The terrorists are demanding a safe passage to Ireland, but have been told there can be no deal. "They are going nowhere except Brixton prison," Sir Robert said.

After a lull in terrorist activities in London police, expecting trouble, had been keeping watch on the West End for several days — with an especial eye on Scotts Restaurant where one man died and 15 people were injured in a recent bombing.

When terrorists struck there again on Saturday night, the special patrol group and plain clothes flying squad officers were waiting.

As the Provo gunmen shot at the restaurant window from a stolen Ford Cortina police gave chase. After a gun battle in which police cars were holed with bullets, the terrorists managed to take refuge in the Matthews's flat.

Very soon standard siege procedure was in progress, including advice from Dr. Peter Scott the psychologist who figured in the Spaghetti House affair —and there was also a message from Dr. Tiede Herrema, the former kidnap victim in Ireland who urged the hostages to "make friends with the terrorists" and get to know them. Hero's welcome for Dr. Herrema, Page 4.

NERAL

'wo more eleased rom train

ıh Moluccan gunmen, who : been holding a Dutch train more than 30 passengers over five days, yesterday ased a married couple who in their eighties.

ıt last night there were no s that either the terrorists ırd the train or a second : holding four children and grown-ups at the Indonesian ılate in Amsterdam were ly to surrender.

r. Joop den Uyl, Dutch ne Minister, and Mr. Max der Stoel, Foreign Minister, : cancelled to-day's official to London because of the hostage situations.

esistance forces assisted by ıt 1,000 Indonesian troops erday captured Dili, capital ıe Portuguese colony of East or, it was announced in ırta.

ortugal last night decided to ık off diplomatic relations Indonesia as a consequence the East Timor invasion, e 5

ird frigate Cod War

ain yesterday despatched a frigate—Galatea—to join ghton and Falmouth in their ırts to protect U.K. trawlers h harassment by Icelandic boats. Back page

0 arrested in adrid demo

: than 100 people were sted as Spanish police using gas and water cannon, yester- dispersed Left-wing demon- :ors demanding political esty outside Madrid's main Back Page

nety die as irut erupts

death toll rose to 90 yester- in the new wave of violence ·h erupted in Beirut over the ‹-end. As the Left blamed killings on Phalangists and r Right-wing allies, Mr. C. ımoun; Interior Minister, ıed that the Lebanon ernment might declare a of emergency. Page 5

ey holder of Premium Bond 1 AK 930045 has won the ıly £50,000 prize.

BUSINESS

Rolls-Royce hopes for engine deals

● ROLLS-ROYCE (1971) hopes to sign two agreements to benefit its future aero-engine manufacturing activity, one with China for supply and know-how for the Spey engine, and with Pratt and Whitney of the U.S. for the development of a new civil engine. At the same time, shareholders of the old RR company may get an additional payment of 5p a share, on top of the 50p already paid out. Back Page

● GENERAL controls on imports could be imposed in the next two years to overcome the U.K.'s continuing balance of payments deficit, say stockbrokers Phillips and Drew in their latest Market Review. Page 4

● LONDON CHAMBER OF COMMERCE has urged the Government to divert money from developments in new towns and spend it instead on redeveloping London's docks.

● TEXACO has increased prices of petrol and fuel oils by between 3p and 6p a gallon. Page 4

TUC offers job solution

● TUC leaders will put their proposals for coping with unemployment to the Chancellor of the Exchequer on Wednesday. But Mr. Jack Jones says all-out reflation is not the answer. Back Page

● CONFEDERATION of Shipbuilding and Engineering Unions' executive meets this week to decide the size and timing of its next pay claim. Moderates within the national committee support Government pay policy, but militants are seeking £10 or more a week. Page 7

● POST OFFICE union leaders are to meet colleagues from the telecommunications industry to discuss the Post Office's future ordering of equipment. The TUC has drawn up a paper on the problem to try to find a common union attitude. The Australian Post Office, which made an overall profit of $A30.5m. in the year to June 30, made a $A95.1m. profit on its telecommunications services. Page 7

● NALGO, the largest public sector white collar union, has warned both Government and ratepayers that further cuts in local government spending were against the public. Page 7

● QANTAS, the Australian international airline, lost $A4.4m. on airline operations for the year ended March 31. Exchange gains converted the overall figure to a $A534,000 profit.

Witteveen wants 'no controls' made major condition

Import curbs threat to $2bn. IMF loan

BY PAUL LEWIS, U.S. EDITOR: Washington, Dec. 7

DR. JOHANNES WITTEVEEN, managing director of the International Monetary Fund, is now personally determined to make a ban on import controls a major condition of the $2bn. in loans which the British Government is seeking from the Fund.

He is being strongly supported in his view by the U.S. Administration and the Governments of France, Germany and Italy, all of whom have made private representations to London in the past few days, which already appear to be causing the British authorities to hesitate.

These same Governments, as well as senior members of thee IMF staff, would also prefer the British Government to take less than the $1.2bn. it plans to draw from the IMF Oil Facility and increase the $800m. it proposes to borrow from the Fund.

This would leave more Oil Facility money for developing countries and bring the British economy under stricter Fund control.

In London, Treasury sources maintained that loan applications are proceeding normally—the idea is to submit the formal documents required by the end of this year, though not to draw any money until after the next meeting of the IMF interim committee in January—and that the Government's present economic policies would satisfy the Fund.

However, it is now perfectly clear that a major struggle is under way behind the scenes over the British Government's threat to restrict imports and the internal economic measures which the IMF will expect to see taken as a condition of its help.

In the view of the IMF countries borrowing from either the Oil Facility or the Funds conditional credit tranches are expressly prohibited from increasing trade and payments restrictions without the permission of the Fund's Executive Board.

It is true that the Argentine was recently allowed certain trade restrictions when it borrowed from both these sources of funds and that a similar exception is likely to be made soon for Zaire.

But these two countries are regarded as emergency cases, being virtually out of reserves, and strict conditions have been placed on the Argentinian controls.

By contrast, the U.K. is felt to have a far stronger credit rating and to be in an altogether less critical state.

Moreover, the U.S. Administration and other Common Market governments fear that British controls would trigger retaliatory action around the world and severely curtail the chances of economic recovery.

Behind the general determination to stop the U.K. introducing trade restrictions, there lies a more general determination to impose the strictest conditions possible this time on British economic policy as the price of IMF assistance.

Stricter terms

Dr. Witteveen is known to believe that the U.K. and France were treated too leniently when they borrowed in the past and to believe that the Fund's authority would be fatally undermined if the U.K. is not forced to accept as stringent terms this time as any developing nation.

Negotiations are under way between the Treasury and the IMF staff on the letter of application that the U.K. will be asked to submit as well as the more general memorandum on economic policy required for a drawing from the Oil Facility.

It can safely be said that the IMF is putting the highest priority on an "effective mechanism for controlling public spending, particularly by local authorities, and on steps to control the money supply and increase industrial investment.

The Fund's negotiating strength would be greatly increased if the U.K. were to reduce its Oil Facility borrowings—which, apart from the prohibition on import controls, carry relatively mild conditions—and go into its second conditional credit tranche with the IMF, where the terms are stricter.

Most other major Governments would also prefer this—partly because, whatever the letter of the law, the oil facility was chiefly intended for the developing world, but also because they are tired of Britain's economic mismanagement.

The British Government seems likely to face a dilemma on this score next year, if it decides, as is generally expected here, that further financial assistance is needed.

It will then have to choose between accepting even stricter terms from the IMF or going cap in hand to the planned OECD Support Fund, where its Common Market partners are certain to rule out import controls of any kind and quite possibly demand policies that would enable the pound to be brought back into the Community "snake."

Continued on Back Page

Accident delays N. Sea output

BY ADRIAN HAMILTON

PRODUCTION from Mobil's Beryl Field—the second major U.K. North Sea oilfield due to come into production this winter—is likely to be delayed by at least six months as the result of a serious accident which left part of its tanker loading facilities adrift in heavy storms last night.

The accident, which has yet to be explained, occurred over the week-end when the 480 foot articulated steel tower, the single point mooring system installed to enable tankers to load oil from the field, suddenly broke away from its concrete base.

Three tugs

Helicopters were able to rescue the four men working on the tower at the time. After Saturday's successful attempt to capture the detached part, it broke free again yesterday in Force 11 winds, some 95 miles west of Stavanger, Norway.

Three tugs operated out of Norway and directed by the tower's builders and designers, the French CFEM group, were keeping watch on the floating structure last night. It is unlikely that any further attempt will be made to get a tow line aboard until the gales abate.

While Mobil itself was reluctant yesterday to discuss the implications of the accident until it had time to examine both the base and tower, there can be little doubt of the seriousness of the news—the third major incident to occur during the development phase of North Sea oilfields.

In the first place, it is difficult to see how Mobil, which was planning to start production from the Beryl Field off the Orkneys at the turn of the year, will be able to establish the cause and rectify the damage before next summer at the earliest, even if the tower can be towed to Norway through the storms forecast for the area at present.

The field had been planned to produce around 50,000 barrels per day, or around 3 per cent. of U.K. consumption next year.

Coupled with the delays which have already occurred to other fields, including Brent and Piper, the latest accident suggests that next year's total production from the U.K. sector of the North Sea will amount to no more than around 300,000-350,000 barrels per day, compared with hopes of 500,000 forecast only a year or so ago.

For Mobil, whose North Sea economics are highly sensitive to an early cash flow from the field, and for the U.K., facing higher oil import costs next year, this aspect is damaging enough.

Just as serious, however, are the technical and safety questions that must be raised by the [illegible], particularly if the fault should prove to be one of fundamental design.

The tower being used was something of an experiment of considerable potential application to other groups planning offshore production using tanker loading at the field.

Developed and built in France and already successfully tested in the Bay of Biscay, it was in the form of a tall steel column, with a buoyant floating structure at the top and attached to a concrete base by a universal joint at the bottom.

Compared with the conventional system of a floating mooring buoy anchored to the seabed, the idea of the column was to provide the structure with great stability, since it was fixed centrally to the seabed, and with greater movement, since the column could sway to an angle of 20 degrees in any direction.

Inspection

This latter factor was particularly attractive since it promised to reduce some of the "down time," when tankers cannot load because of the heavy seas in the North Sea.

Until Mobil can get a look at both the detached section and, with the use of divers, the base, it will not be possible to tell whether the accident was the result of a fault which can be easily rectified on other similar structures or whether it shows up more fundamental problems in designing loading facilities for deep, rough water.

If it is a design fault, it could prove a serious blow to companies which have seen tanker loading as a way to early production with improved economies over the longer and costlier process of laying pipelines.

The accident follows the sinking of the first Frigg platform last year and the corrosion problems on the producing lines at Ekofisk earlier this year. Whether the Government now seeks an inquiry or not, it must bring home the real risks which are inherent in the engineering of oil fields in the particular conditions of the northern North Sea.

Closed shop: car men sacked

BY LORELIES OLSLAGER, LABOUR STAFF

VAUXHALL MOTORS has dismissed four workers from its Luton plant for refusing to join any of the three trade unions which concluded a closed shop agreement with the company in October.

Although the company says that at most one or two more workers will be given notice, the dismissals are expected to add to the controversy over closed shops resulting from the case of the "Ferrybridge Six" power station workers.

An industrial tribunal in Leeds to-day resumes hearings on the power station workers' claim that they were unfairly dismissed for refusing to join any of the four unions recognised by the Electricity Council under a closed shop agreement.

They are all members of the Electricity Supply Union, which tries to organise workers in the electricity generating industry outside the TUC.

No such rival organisation exists at Vauxhall.

The three unions who concluded the closed shop agreement with Vauxhall are the Amalgamated Union of Engineering Workers, the Electrical and Plumbing Trades Union and the Transport and General Workers' Union.

According to the company, the agreement is in line with the Trades Union and Labour Relations Act in its present form which says that people given notice for refusing to join a specified union shall be considered unfairly dismissed if their refusal was based on religious or "reasonable" grounds.

The Government's Trade Union and Labour Relations (Amendment) Bill now before Parliament seeks to eliminate the reference to "reasonable" grounds.

But Vauxhall said that even under the present wording of the law and the company's own agreement the dismissals were justified because the men had not been asked to join any particular union and had a choice of three.

One of the dismissed workers, Mr. Tom Clarke, has been quoted as saying that he had left the AUEW in 1967 at a time of industrial action. Now he had been asked to rejoin, but "how could I go back on everything I have ever stood for and believed in? This is a matter of conscience."

Large new coal reserves found

BY OUR SHEFFIELD CORRESPONDENT

NATIONAL COAL Board officials have confirmed reports of another large find in the Yorkshire coalfield. This time, the new reserves are in one of the oldest sections of the field.

The Board's Yorkshire headquarters in Doncaster confirmed this week-end that the new find—in the Barnsley area—was exciting "considerable interest," although extensive exploration work remains to be done.

The new seams stretch West from Barnsley. Although they are deep, some could be worked even on the basis of present technology. The full extent of the reserves is not yet known as seams stretch under the edge of the Pennines.

This is the second major discovery of new reserves in the last few weeks. Recently, it was disclosed that NCB exploration teams had located large reserves in the extreme East of the Yorkshire coalfield, near Thorne Colliery, which has been in mothballs for nearly 20 years.

The Barnsley reserves, are not considered as good as those at Thorne. But they are still of considerable importance in the long term for Yorkshire mining.

Area officials of the NUM claim that the new finds add even more weight to their call for more new deep mines in Yorkshire.

However, it is likely to be some years before the Thorne and Barnsley reserves are worked. The NCB's next priority in Yorkshire is development of the huge Selby mine. Planning permission for this is now expected within the next few months following a lengthy public inquiry earlier this year.

Besides Yorkshire, the NCB has, in the past year or so, located substantial coal reserves in South Nottinghamshire and Leicestershire. If demand for coal remains strong, all are likely to be developed.

CHRYSLER...CUTS...ECONOMY

Cabinet faces week of key decisions

BY RICHARD EVANS, LOBBY CORRESPONDENT

A RANGE of decisions vital to the Government's political standing are likely to be taken this week, when Ministers meet to discuss the future of Chrysler in the U.K., long-term public spending cuts and the economic package expected before Christmas.

Ministers hope to reach a compromise formula for a massively scaled-down Chrysler operation this week, but because of the unemployment problems involved and the conflicting regional interests of Minister, more than one Cabinet meeting may be needed.

Mr. Harold Wilson, the Prime Minister and Mr. William Ross, Scottish Secretary, remain anxious to keep Linwood in operation for political reasons, but other Ministers are pressing for limited production facilities, including the export contract to Iran, to be concentrated on the Midlands.

Defence

There were signs yesterday that Ministers might impose a strict time limit on any financial aid to Chrysler to make it clear that there is no question of the British taxpayer permanently bailing out the U.S. parent company.

Similarly, the agonised debate over the Treasury's long-term public spending cuts should reach a climax this week, possibly at Cabinet meetings tomorrow and on Thursday, but the implications for major spending departments are so immense that more time may be needed.

Any delay will mean that the White Paper on public spending for the five years to 1980, originally promised for the end of the year, will be put back to mid-January or later.

Conservative leaders will press for a statement before the Commons adjourns for the Christmas recess, probably at the end of next week.

Mr. Ian Gilmour, a former Defence Secretary, demanded at the week-end that all Ministers should make their positions clear on defence following reports that further cuts are planned.

Ministers have accepted the need for substantial long-term public spending cuts, but there are signs of a violent argument in prospect inside the Cabinet on the scale required and the departmental distribution.

Mr. Joel Barnett, Chief Secretary to the Treasury, has completed his discussions with Ministers and has submitted a detailed series of proposals for cuts on a departmental basis.

The intense difficulties Ministers have had in resolving the Chrysler crisis are delaying the Cabinet's long-awaited package of modest economic measures, possibly including selective import controls, a relaxation of hire purchase regulations, and some further small-scale employment promotion schemes.

If the decision on Chrysler is finalised this week, the package should be disclosed next week, shortly before a promised Commons debate on the unemployment situation.

Of longer term interest this week, will be the publication on Wednesday of the Commons Select Committee report on the Wealth Tax.

A Minister certain to come under pressure from the Tory benches is Mr. Roy Jenkins, Home Secretary, following a remark by the Home Office counsel in the TV licences appeal case last week that it would not be long before the powers of the appeal court were called into question.

Some Conservative MPs, disturbed by the Government's attitude towards the law on such issues as Clay Cross, are anxious to discover whether Mr. Jenkins intends to clip the powers of the Appeal Court or whether the phrase was "a piece of advocate's licence." Mr. Leon Brittan, Conservative MP for Cleveland and Whitby, intends to table a question to Mr. Jenkins.

Mr. Wilson will face demands from Scottish Labour MPs for a substantial increase in the powers proposed for a Scottish Assembly under the terms of the Government White Paper on devolution.

Appalled

At a meeting with the Prime Minister on Wednesday, representatives of the 41-strong Scottish Labour group will seek a guaranteed time-scale for the setting up of the Assembly so that it will become operative before the next general election.

The Labour MPs have been appalled at the cool reception for the White Paper proposals in Scotland and the runaway successes of the Scottish National Party in two key municipal by-elections last week. They believe that unless Mr. Wilson backs their demands for more power for Scotland, the Labour Party will face a massacre there in the next general election.

Justinian on the TV licence case Page 2

FEATURES

ON OTHER PAGES

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LOMBARD

Beware of 'cheap imitations'

BY C. GORDON TETHER

WHAT IS the connection—to use the terminology of the examination room—between last week's announcement that a German court had frozen the assets of Nigeria's central bank and the plan to create an international monetary system geared to the IMF's Special Deposit Receipt money? The answer is that it rings round in no uncertain fashion one of the main reasons why central banks with their wits about them are not going to be prepared to see their reserves wholly or even largely expressed in a form that renders them highly vulnerable to other people's decisions.

The action taken against the official balances which Nigeria was holding in Germany is, of course, a by-product of the great Nigerian cement fracas. But there is no difficulty in seeing that external reserves that are exposed to civil action of this kind may be equally vulnerable to punitive action on other counts by the countries in which they are deposited.

It is true that in the ordinary way, the countries involved in the business of acting as custodians for international reserves are at pains to stop short of exploiting the power this puts in their hands to exert pressure on the countries using such facilities. For they realise that such behaviour could well encourage all this business to go elsewhere. But it has happened in the past. And it could happen again.

Good reason

Indeed, some of the Middle East countries showed themselves very mindful of this danger when they started seeing threats by Washington to take "whatever action was necessary to prevent any further major increase in Middle East oil prices" as a good reason for not allowing the proceeds of their big payments surpluses to continue piling up in New York.

And is it not arguable that, if external reserves *held in the* form of balances in other countries' banks are exposed to bilateral penal treatment, reserves expressed in an SDR entry in the books of the International Monetary Fund are vulnerable, in the last resort, to the same thing on a multilateral plane?

Is it *inconceivable that* a country that had rendered itself internationally unpopular in a big way might not ultimately find its SDR holding being frozen in the books of the IMF? And can one disregard the possibility that other members of the Fund might refuse in such circumstances to *accept the offending country's* SDRs in settlement — a serious matter for the offender seeing that SDRs are effectively usable as reserves only to the extent that the monetary authorities of countries wishing to dispose of them can get the central banks of other states to take them off their hands?

Nor, *surely, can one disregard* the threat to external reserves held in the form of SDR balances implicit in the fact that the IMF, with all its works, is notoriously subject to manipulation by the big powers that dominate all its activities—and manipulation by the U.S. in *particular*.

It must not be forgotten that it was a unilateral decision taken by the U.S.—without any meaningful consultation with the Fund's management or the rest of its membership—that instantly terminated the IMF's currency-gold convertibility sys*tem in* 1971 and thereby devalued, at a stroke, a large part of the world's stock of international monetary reserves.

Tattered

No less pertinent is the fact that Washington seems to regard itself as having such an unquestionable right to play the IMF system in the way that suits its own interests best that we may ultimately find the SDR being bent to achieve results that it was never intended to.

A case in point is its recent demand that the Fund rule covering purchases of gold by member countries at prices in excess of the prescribed parity could not be sanctioned unless and until this rule was amended. As Dr. J. E. Holloway, the South African who was one of the architects of the IMF system recently pointed out: "Although *holes have been shot through* the Articles of Agreement, yet some quarters evidently seem to take the view that the tattered remnants will remain a body of law which must be observed by all members irrespective of whether the countervailing rights on which those articles *relied have survived or not.*"

If "some quarters" have seen fit to play ducks and drakes with the old monetary order, why should they see any objection to doing the same with the SDR-based one when it becomes convenient to do so?

Central banks, in short, should be *warned*. The one *form of* international liquidity that a country can absolutely rely upon to be there when it wants to use it is gold. And remembering that it is the only form of money with built-in protection against the modern world's high rates of inflation, what possible reason can there be for preferring such cheap imitations as reserve currencies and that myth in the making—the SDR?

THE WEEK IN THE COURTS

Two famous victories but little lasting good

BY JUSTINIAN

WHENEVER THE citizen wins a forensic battle against government it is not unreasonable for the rest of us to cheer at the triumph of the rule of law.

Instead of crowing over the victory, some attention might be paid to why the authorities fell foul of the law. In two instances last week, Acts of Parliament positively misfired.

In *Daymond v. South West Water Authority* a Devonshire farmer sought to contend that as an occupier of an hereditament (a dwellinghouse at Plymstock in Devon) whose premises *were not connected to a public* sewer he could not be charged for severage and sewage disposal services. By a majority of three to two the House of Lords held that section 30 of the Water Act 1973 did not empower a water authority to oblige the occupier of a hereditament unconnected to a main sewer to pay sewerage charges.

Lord Edmund-Davies, one of the majority, opened his judgment with these scathing words: "*Section 30 of the Water Act* 1973 is a deplorable piece of legislation. Those charged with the duty of applying it appear to have little inkling as to its *import, for until* recently they thought it has a meaning completely opposite to that for which they now contend."

Sewerage

The 1973 Act is a comprehensive piece of legislation which brings together *in one statute* a number of subjects previously dealt with separately, and which set up nine new regional water authorities with comprehensive *powers in* relation to every citizen.

The new water authorities took over powers previously administered by local authorities. Section 30 states that a water authority shall have power to fix, and to demand, take and recover such charges for the *services performed, facilities* provided, or rights made available by them "*as they think fit.*"

On the face of it, this is a very wide section. It has the advantage of conferring a flexible power. But the very width of the discretionary power *exposed the water authorities to* attack. Not unnaturally it was claimed—and successfully, as it transpired—that Parliament could not have intended that these new bodies (not directly elected, although containing persons elected to other bodies) should have so wide a power *as to impose a tax.*

Moreover, the taxation without representation was not only to fix the amount of any tax but also contained the power to *decide who was to be taxed. It* is understandable that the water authority should fail to uphold its claim to charges for sewerage and sewage disposal.

To succeed in his claim for exemption Mr. Daymond had to show that in respect of sewage the water authority's services *were performed for a class of* persons in which he was not included. The fallacy in the argument lay in the assumption that the services performed by the water authority in respect of sewage consisted exclusively of draining individual premises through connection with a public sewer. *For more than* a hundred years sewerage and sewage disposal has been regarded as something relating to and benefiting the area of an authority; *it has been charged* through the rates as a public health matter.

Discharge

The right of an individual owner of premises to have his drains discharge into a public sewer is only a part of the benefit derived from the services performed. Public sewers serve also for the reception and drainage of surface water, so preventing flooding and possibly disease. The overall purpose is to make the whole area more salubrious and pleasant to live in. Could it be suggested, there*fore, that Mr. Daymond should* be exempt from charges in respect of these services? The water authority had after all power to determine the criteria on which to base a reduction in the charge, but that did not take the occupier out of liability to the charge.

That logical, and historically explicable reason for upholding the Water Authority's claim, (which Lord Wilberforce and Lord Diplock found compelling) *could not overcome the* majority's view that the Act had misfired. If unconnected to the sewerage, the occupier remained exempt from charge. As a consequence, some £30m. in a year must be collected from other persons in each of the nine regional areas, in addition to the charges already demanded of them.

A similar financial burden is now likely to be thrown on the public as a result of the victory *a London solicitor has won* against the Home Office in respect of television licences. The granting of television licences is governed by the Wireless Telegraphy Act 1949 and regulations made under it. The regulations of 1970-71 provided that the licensee for colour *TV had to pay £12, whatever* the duration of the licence. Regulations coming into operation on April 1 of this year substituted £18 for £12. A few days before the fee went up to £18, Mr. Congreve (the solicitor) managed to get a new licence issued to him for a year, even though his current licence had not yet expired. It was a perfectly lawful licence and could subsist alongside the old licence for the few days that the latter *licence still had to run.*

Thus Mr. Congreve and other like-minded citizens were able to get their licences for the coming year on the cheap. Somehow instructions to staffs at post offices not to issue new licences until the old ones had expired had not been properly communicated.

Licence fee

The Home Secretary, faced with the problem of a substan*tial loss of revenue resulting* from some people paying less than the rest of us, looked around for some way of correcting the discrimination. Section 1 (4) of the Wireless Telegraphy Act 1949 provides that a licence may be revoked, or the terms, *provisions or limitations thereof* varied by a notice in writing. Could the Home Secretary revoke Mr. Congreve's overlapping licence?

The Court of Appeal unanimously, and in vigorous language, said that that power, however wide in its terms, could not be invoked. It would be a misuse of the power conferred on the *Minister* by Parliament for him to revoke a licence lawfully acquired for no reason other than that the licensee had stolen a march on his fellow citizens by astutely anticipating the increase in the licence fee. The fact that others would have a legitimate grievance that they were bound to pay the increased fee if they applied on or after April 1, was no ground for revoking Mr. Congreve's licence obtained in advance.

Once again Parliament failed to do what was intended, namely to ensure that the Minister could regulate the licence fee for TV sets without discrimination among all owners of TV sets. While there may be cause for joy that the Government, too, must comply with the law, there should be less than exaltation at the fact that equitable treatment could not be administered because the law had not conferred sufficient power on the Minister.

Both cases are eloquent testimony to the fact that nowadays there is too much legislation hurriedly passed through the parliamentary machine and without sufficient expert attention paid to it by parliamentarians. There is a strong case for a *standing statutory committee to* which all Bills should go for detailed scrutiny before receiving the Royal Assent.

RUGBY UNION — BY PETER ROBBINS

Frustration for Wallabies

AFTER AN encouragingly bright start, Scotland's match against Australia deteriorated noticeably, leaving a taste of disappointment. There was one nasty moment when Berne was attacked by the Scots after his head-high tackle on Morgan. Berne's tackle although penalisable looked like instinctive and desperate reaction. He had to *leave the field shortly after this* second-half incident and was replaced by Weatherstone.

Scotland continued their sequence of *victories* with a 10-3 winning margin and deserved to win because they weathered a series of exciting and exacting Australian attacks, defended stoutly and then fed off opponents' mistakes of which there were plenty.

Australia in turn can feel aggrieved at *scoring only one* penalty by McLean in the second-half for they created successive chances in their early rule of the line-outs and rucks. Cornelson nearly scored and then Dick fortuitously intercepted a pass when the Wallabies had men over. Batch gave a wild pass, so out of great individual creativeness came general disorder and confusion.

To add further to Australia's frustrations Scotland scored after 24 minutes as McGeechan made a clever break from the loose intelligently supported by Hay who sent Dick over for a rather suspect try. He appeared *to have grounded* the ball, before the line.

On half-time, McLean, laudably up in attack, dropped the ball and the vigilant McGeechan snapped it up, passing coolly when threatened to Renwick who scored. When Morgan converted, Australia were damaged *psychologically and Scotland* went on to establish themselves in their own right in the second half.

Although Australia's downfall was due in the first place to their own errors, Scotland made sure that Wallaby strength was minimised. Key players such as *Hipwell* and *Batch* were shackled.

Leslie, profiting from Hipwell's relatively unbalanced service harried Hindmarsh mercilessly causing quick passes and inaccuracies. His role in Scotland's success was paramount as was that of Mackie.

Morgan also occupied a central role and his sensitive variety of play had a profound effect on the course of the game. His kicking demoralised Australia in the way that Telfer's kicking demoralised Scottish supporters.

In the Scottish pack, Carmicheal, winning his 41st cap, McLauchlan and Brown were as solid as ever and yet helpfully mobile. Yet Scotland never really coalesced as a team and poor Irvine must be belwildered by his obviously wrong stationing on the wing.

Part of Scotland's success last year were their flying intrusions into the line and their audacious counter-attacking. But that confidence has now vanished as they missed two easy penalties.

Australia's severest problem apart from misuse of earlier *possession* was that they depended too much on a few individuals.

Trial and tribulation for England

BY STUART ALEXANDER

AS THE FIRST England trial entered the closing minutes at Leicester, a car backfired in the road outside and one spectator quipped: "That's probably the England selectors shooting themselves."

Meanwhile, the red-shirted "fall guys" from the North and Midlands were refusing to lie down, and calmly beat the supposed best of English rugby by 18-10 and two tries to one.

Although England gradually established line-out superiority, they were troubled by the two-handed catching and palming of *Darnell*. They did *not* seem very interested in switching line-out tactics from using Beaumont at the front, Horton in the middle, and Uttley at the back.

In other ways, too, the England side seemed the same slow stereotyped band of hopefuls its fans have learned to love to groan about.

Behind the scrum, Smith consistently had far better ball to work with than his rugged opposite number, Lamkowski, yet Bennett, despite kicking a penalty and a drop goal, dithered and lacked the ability *to inspire or control* tactically.

Although England may again be searching for a half-back solution, there seems to be no problem at three-quarter. Preece and Maxwell in the centre have undoubted class, and on the wing Squires looked a true England player.

Morley had to go off injured after only 20 minutes, but his replacement, Wyatt, would probably be some people's first rather than second choice.

At full-back Hignell, with his baggy shorts and bewildered frown, must have wondered whether the wearing of an England shirt would help or hinder his career.

For the North and Midlands Dusty Hare, despite one or two fumbles, looked the sharper of the two and must remain hopeful.

Duckham languished in ostracism on the regional wing. He first touched the ball after 35 minutes and did not receive a pass all afternoon.

Phillips, of Northampton, *shone as probably the best loose* forward on the field, with the possible exception of Uttley, and will undoubtedly be in the reckoning for any changes in the team for next Saturday's trial due to be announced to-day.

Squires made and Keyworth scored England's try. Hare *added two penalties for the* North and Midlands, having converted tries by Robinson and Knee.

TENNIS — BY JOHN BARRETT

Master Nastase makes it four

PLAYING WITH a brilliance reminiscent of his form when winning his three previous *Masters titles* between 1971 and 1973, Ilie Nastase of Romania celebrated his third wedding anniversary by winning a fourth in Stockholm yesterday.

His 6—2, 6—2, 6—1 win against Sweden's 19-year-old Bjorn Borg brought his season's earnings to $179,124.

In 65 minutes of controlled, skilful play, Nastase earned the title of Commercial Union Master for 1975 the $40,000 first prize, and the renewed respect of all those who were saying, after a moderate season for him, that his days at the top were over.

How ironic, too, that after being disqualified against Wimbledon champion Arthur Ashe on Monday, he should nonetheless win the tournament—just as he did in Boston in 1973 when an original loss against Tom Gorman (U.S.) was shrugged aside before ultimate victory against Tom Okker of Holland.

Yesterday's final continued the brilliant streak that Nastase had created on Saturday in his *6—0, 6—3 6—4 semi-final* victory against the 1974 Master, Guillermo Vilas.

From the way Borg had beaten Ashe in the other semi-final—a comfortable 6—4, 3—6, 6—2, 6—2 win with neither player at a peak—it seemed we might be due for a final of classic contrasts: dark Balkan invader against blond local hero, past Master against young pretender.

But as so often in Stockholm where, curiously, Borg has yet to win a major tournament, the Swede hit himself to defeat.

Throughout the match, Nastase played within himself, serving with power and depth, caressing the ball to a good length against the fierce top-spin drives that were never quite deep enough, and volleying with a sharpness that was at times almost miraculous.

When Borg came in, as he did repeatedly, endeavouring to force the pace, Nastase never seemed pressed for time as he glided about the base-line, clipping those familiar early-hit passes both across the court and down the lines, or caught the advancing Swede with deadly top-spin lobs.

By the time the third set began, just 44 minutes after they had started, Borg looked a beaten *man*. In the six games he lost in that set, Borg could win only seven points.

Nastase was jubiliant afterwards. "It's the second time I've concentrated like that in years," he said, without divulging when the other occasion was. "I will always try to be like this in future—but I don't know how long it will last."

Now, Nastase and Borg join forces for the last team event of the year, the Davis Cup Final, Sweden against Czechoslovakia, to be played in Stockholm on December 19-21.

Discipline code for players

THE MEN'S International Professional Tennis Council is about to act at last in defence of the good name of the game, writes John Barrett.

To-day they will publish a new code of conduct governing the behaviour of players which is expected to include fines of cash or Grand Prix points or both as well as periods of suspension for extreme cases. After a year when the number of unsavoury happenings has been an embarrassment to players and administrators alike, this news will be welcomed by all who follow the sport.

SOCCER — BY TREVOR BAILEY

Saints rout Sunderland

PROMOTION PROSPECTS of the second division leaders, Sunderland, suffered a setback on Saturday. They not only returned pointless from the Dell, but were overwhelmed 4-0 in the second half as the result of a brilliant display by Southampton.

Sunderland have been hoping for promotion this season, after narrowly missing it on the two previous occasions.

In Saturday's game Channon laid on three goals, hit a post with a perfect glancing header and missed a penalty he had created. Osgood showed rare class, scoring two fine goals, and McCalliog provided a sophisticated service from mid-field.

The first half was drab and rather ragged. *Apart from a few* graceful touches from Channon and Osgood, there was little to suggest the rout that was to come.

Sunderland were strangely *laboured up front*, but appeared reasonably secure at the back. It took a fine save by Turner to prevent Porterfield from scoring and their right back Malone was *always menacing with his raids* down the right wing.

One reason for the sudden transformation was that Porterfield was forced to leave the field a few minutes before the interval with a cut head. He did not return.

This upset Sunderland's midfield balance, where Towers—slowed by a heavy tackle—was less effective than usual. Also, when a goal down, they had to push forward, leaving gaps *which were cleverly exploited.*

The Saints took the lead when Channon eluded Clarke on the left of the penalty area and Osgood pushed his ground-pass firmly home. More brilliance by Channon, this time on the right, assisted by Gilchrist, ended with Holmes heading the second.

From this moment, it was merely a question of the extent of the victory. The home side were goal hungry and cheered on by their delighted supporters. For once, they were seeing Channon and Osgood blending in harmony, *the latter operating* just behind his two front forwards, but ahead of his mid-field trio.

On this showing, Southampton appeared more like promotion candidates than their visitors but one glance at their away record—played nine, lost seven, *won nil and* conceded 20 goals—explains why they are in the middle of the table.

RACING — BY DOMINIC WIGAN

Roaring Wind bids for victory

Few novice chasers in training are more highly rated than Primerello, and it will be intersting to see how Jack Hardy's Primera horse copes with the much-improved *Roaring Wind* in to-day's Woodborough Chase at Nottingham.

Primerello, a smart performer on the *flat—he landed a £6,500* handicap at Ostend—and also over hurdles, had his first outing over fences in the two-mile Grand Novices Chase at Market Rasen 10 days ago.

Backed down to 7-4 on, Primerello was not hard pressed to deal with market rival Mr. Midshipman, in spite of jumping too deliberately over the final two fences after a blunder at the seventh.

That initial experience will have taught Primerello a good deal, and it will come as a surprise if his jumping is not a good deal more fluent to-day.

Roaring Wind, who finished out of the frame on his final four appearances last season, is bidding for a fifth consecutive victory after successes at Uttoxeter, Worcester, Wolverhampton and Huntingdon.

His last win, in the Terwoo[illegible] Chase at Huntingdon, could hardly have been more easily gained.

In what promises to be an exciting and informative race, I expect to see Roaring Wind's experience give him the edge over [illegible].

A year ago, *Marcus Lady* kept on strongly close home to beat Fixby Gold in the Crathorne Hurdle at Teesside, and I believe she will be up to taking the *corresponding event (now named* the Langbaurgh Hurdle).

Marcus Lady, usually at her peak at this stage of the season, showed that she was returning to something approaching her best when keeping on well to finish a four lengths runner-up to Epineuse over to-day's course and distance at the last meeting.

NOTTINGHAM	
1.00	Skibble
1.30	De Musset
2.00	*Noble Hero*
2.30	Roaring Wind*
3.00	Redbin
3.30	Riberone
TEESSIDE	
2.15	Marcus Lady***
2.45	Salmo Lady**
3.15	Spring Life

TV/Radio

† Indicates programmes in black and white

BBC 1

12.15 p.m. Anno Domini. 12.55 News. 1.00 Pebble Mill. 1.45 Mr. Benn. 3.58 Regional News (except London). 4.00 Play School. 4.25 Astronut. 4.30 Jackanory. 4.45 Blue Peter. 5.10 John Craven's Newsround. 5.15 Inch High Private Eye. 5.40 Magic Roundabout.
5.45 News
6.00 Nationwide
6.50 The Goodies
7.20 Angels
8.10 Panorama
9.00 News
9.25 Stracey wins world welter-weight title
9.50 The Monday Film: 'Ned Kelly' starring Mick Jagger
11.20 To-night
12.05 a.m. Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 p.m. Pili Pala. 6.00-6.50 Wales To-day. 6.50-7.20 Heddiw. 9.25-10.35 The Superstars. 10.35-11.05 Kane on Monday. 11.05-11.40 One Man in his Time. 11.40 Stracey wins world welterweight title. 12.05 a.m. News and Weather for Wales.

Scotland—3.30-4.00 p.m. Guidance and Counselling. 6.00-6.50 Reporting Scotland. 11.30-12.05 a.m. Public Account. 12.05 Scottish News Summary.

Northern Ireland—3.53-4.00 p.m. Northern Ireland News. 6.00-6.50 *Scene Around Six. 6.50-7.20 Talking Heads.* 11.40 Northern Ireland News Headlines.

England—6.00-6.50 p.m. Look North (from Leeds, Manchester, Newcastle). *Midlands* To-day (from Birmingham). Look East (from Norwich). Points West (from Bristol). South To-day (from Southampton). Spotlight South West (from Plymouth).

BBC 2

11.00 a.m. Play School
3.00 p.m. On the National Health
3.30 Representing the Community
7.05 The Caterers
7.29 Weather
7.30 Newsday
8.10 The Waltons
9.00 North and South
9.50 Chronicle
10.40 "Pulcinella," ballet: music by Igor Stravinsky, performed by The New York City Ballet
11.15 Newsnight
11.30-11.35 Closedown. Gwen *Watford reads "Alice"* by Robert Graves

LONDON

10.00 a.m. Felix the Cat. †10.10 *Shirley Temple in "Bright Eyes."* 11.30 The Writing Game. 12.00 Noddy. 12.10 p.m. Mr. Trimble. 12.30 The Amazing World of Kreskin. 1.00 First *Report: News, FT index.* 1.20 Lunchtime To-day. 1.30 Emmerdale Farm. 2.00 Good Afternoon. 2.30 "Small Miracle," starring Vittorio de Sica. 3.55 General Hospital. 4.25 Clapperboard. 4.50 Rescue's Rock. 5.20 Man About the House.
5.50 News from ITN
6.00 To-day
6.45 *Opportunity Knocks!*
7.30 Coronation Street
8.00 The Cuckoo Waltz
8.30 World in Action
9.00 Jenny Can't Work any Faster
10.00 News
10.30 Arts Bazaar
11.00 Barnaby Jones
11.55 Ideas in Print

All ITV Regions as London except at the following times:—

ANGLIA

12.30 p.m. Out of Town. 2.00 Houseparty. 2.30 Monday Afternoon Film: "Slaves of Babylon" starring Richard Conte and Linda Christian. 4.25 The Romper Room. 6.00 About Anglia. 10.30 Monday Late Film: "Diary of a Madman" starring Vincent Price. 12.10 a.m. Anthology.

ATV MIDLANDS

10.40 a.m. Documentary—John Grierson. 11.35 Les Bicyclettes de Belsize. 12.30 p.m. Out of Town. 1.20 ATV Newsdesk. 2.30 Feature Film: "Viva Las Vegas" starring Elvis Presley. 5.20 Batman. 6.00 ATV Today. 10.30 Platform for Today. 11.15 The Collaborators.

BORDER

10.35 a.m. Gilbert And Sullivan For All—"Iolanthe." 12.30 p.m. The Galloping Gourmet. †1.20 Border News. 2.00 Housecall. †2.30 Monday Matinee: "Elopement" starring Clifton Webb. 6.00 Border News and Lookaround. 6.15 Survival. †10.30 Monday Night Film: "Keeper of the Flame" starring Spencer Tracy and Katharine Hepburn. †12.15 a.m. Border News Summary.

CHANNEL

1.00 p.m. Jersey Election for Deputies: Hustings. 1.20 Channel Lunchtime News, What's On Where. 2.30 The Monday Matinee: "The Desert Hawk." 6.00 Channel News. 10.30 His Face is Familiar—What's He Done? 11.00 Music in Camera. 11.35 Channel Gazette followed by News and Weather in French.

GRAMPIAN

12.30 p.m. Galloping Gourmet. 1.20 Grampian News Headlines. †2.30 Monday Matinee: "Snowbound" starring Robert Newton and Dennis Price. 6.00 Grampian Today. 6.10 Cartoon Time. 6.15 Thrillseekers. 10.30 The Scottish Soldier. 11.00 *Dear Joe.* 11.30 Evening Prayers.

GRANADA

9.30 a.m. Sesame Street. 10.30 Cartoon. 10.45 The Land. 11.10 The Nature of Things. [illegible]

HTV

[illegible]

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 2.00-2.30 Hamdden. 6.00-6.22 Y Dydd. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.22-6.45 Report West.

SCOTTISH

11.00 a.m. Anna and The King. 12.30 p.m. Yellow House. 1.25 Road and Weather Report. 2.00 Housecall. †2.30 Monday Matinee: "The Love Goddesses." 6.00 Scotland Today. 6.30 Crimedesk. 10.30 Late Call. 10.35 Scotland Today—Scotland Tomorrow. 11.20 The Scottish Soldier.

SOUTHERN

10.00 a.m. Art Of The Bowman. 10.10 *Hammy Hamster's Adventures on the* Riverbank. 10.20 A Paradise of Islands. 10.50 Untamed World. 11.20 Wait Till Your Father Gets Home. 12.30 p.m. Here Comes The Future. 1.20 Southern News. 2.00 Houseparty. 2.30 The Brandon Exchange. 3.25 Police Surgeon. 5.20 Batman. 6.00 Day By Day. 10.30 Jane Austen And Her World. 11.00 The Protectors. 11.30 Southern News Extra. 11.40 Guideline. 11.45 Farm Progress.

TYNE TEES

10.55 Starting Point. 11.00 Rex the Dog. 11.05 Western Civilisation. 12.30 p.m. Mum's the Word. 1.20 Lunchtime News and Lookaround. 1.30 The Mary Tyler Moore Story. 2.00 Housecall. †2.30 Monday Matinee: "Zero Hour," starring Dana Andrews and Linda Darnell. 5.20 Emmerdale Farm. 6.00 Today at Six. 6.35 Police Call. 10.30 Sportstime Variety Club of Great Britain Award Dinner. 11.15 Happy Anniversary and Goodbye. 11.45 Epilogue.

ULSTER

12.30 p.m. See It While You Can. 1.20 Ulster News Headlines followed by Lunchtime. 2.00 Women Only. †2.30 Monday Matinee: "Men Are Not Gods," starring Gertrude Lawrence and Rex Harrison. 4.23 Ulster News Headlines. 5.20 Survival. 6.00 UTV Reports. 10.30 Monday Night. †10.40 Monday Movie: "Until They Sail," starring Jean Simmons and Paul Newman.

WESTWARD

[illegible]

YORKSHIRE

11.00 a.m. Hammy Hamster's Adventures on the Riverbank. 11.10 Catch Kandy. 11.35 Woobinda. 12.30 p.m. Here Comes The Future. 1.20 Calendar News. 1.30 The Mary Tyler Moore Show. †2.30 Monday Matinee: "Zero Hour," starring Dana Andrews, Linda Darnell and Sterling Hayden. 5.20 Emmerdale Farm. 6.00 Calendar. 10.30 New York, New York: To Hell With New York. 11.00 The FBI.

RADIO 1 — 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 *Newsbeat.* 6.02 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02-11.30 Harry Carpenter's Open House (S) including 10.30 Waggoners' Walk. 12.30 Jean Challis (S) including 1.55 p.m. Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1,500m. only (also 202m. Scotland) 2.05, 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The Impressionists. 7.30 Band Parade (S). 8.30 Alan Dell: 8.30 The Dance Band Days; 9.02 The Big Band Sound (S). 10.02 Humphrey Lyttelton with The Best of Jazz (S). 11.02 Sports Desk (1,500m. only, also 202m. Scotland. VHF joins Radio 1). 11.05 David Bellan with The Late Show (1,500m. only, also 202m. Scotland. VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: C. P. E. Bach (S). 9.55 Between the Wars (S). 10.55 Talking About Music (S). 11.25 Academy of the BBC, part one (S). 12.10 p.m. In Short (talk by Andrew Timothy). 12.20 Academy concert, part two (S). 1.00 News. 1.05 BBC Lunchtime Concert (S). 2.05 Matinée Musicale (S). 3.05 Music for Organ (S). 3.45 Stereo Release (S). 4.55 Bandstand (S). 5.25 Pied Piper (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Home and Family. 7.30 Bournemouth Symphony Orchestra. Dvorak, Shostakovich (S). 9.15 The Teapot and the Samovar (Ivan Turgenev's visits to England). 9.50 EBU Premiere, Luciano Berio (S). 10.20 Sound Poetry. 10.50 Bach Cantata No. 49 (S). 11.25-11.30 News.

RADIO 4 — 434m, 330m, 285m and VHF

‡ Medium Wave only

6.20 a.m. News. 6.22 Farming Week. 6.40 Prayer for the Day. 6.45 Today including 6.50 VHF Regional News. 6.55 Weather and programme news. 7.00 News and more of Today including 7.27 Sports Desk. 7.35 Today's Papers. 7.45 Thought for the Day. 7.50 VHF Regional News. 7.55 Weather, programme news. 8.00 News and more of Today including 8.27 Sports Desk and 8.35 Today's Papers. 8.45 Windmills of Your Mind. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.05 Wildlife. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Any Questions? 11.50 Announcements. 12.00 News. 12.02 p.m. You and Yours. 12.27 Desert Island Discs. ‡12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.35 Story Time. 5.00 PM Reports. 5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Many a Slip. 6.45 The Archers. 7.00 News Desk. 7.30 A Child in the Forest. 8.00 The Monday Play. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 *Downtown.* 11.03 *In Town.* 12.03 p.m. Call In including 12.45 London News Desk. 2.03 206 Showcase. 4.03 You Don't Have to be Jewish. 4.32 Home Run. 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Close Up. 8.30 Breakthrough. *10.03 Robbie Vincent's Late Night London.* 12.00-12.05 a.m. As Radio 2.

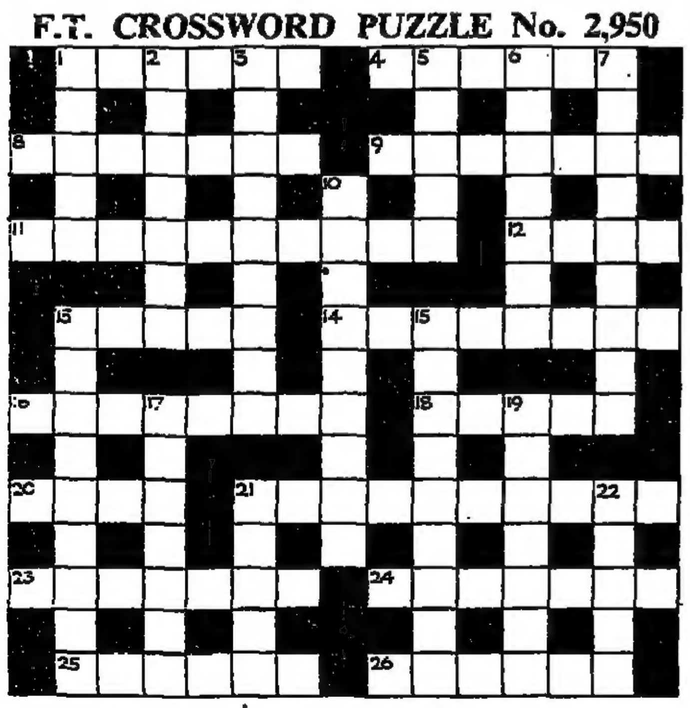
London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "A.M." breakfast-time show. 10.00 George Gale: talking to London. 1.00 p.m. Newswatch: second edition. 3.00 p.m. Newswatch: second edition. 5.00 Newsbreak. 7.30 Music in Stereo. 9.00 Robin Houston's Nightline. 1.00-4.30 a.m. *Nightwatch (news every half-hour).*

Capital Radio — 194m and 95.8 VHF

6.30 a.m. The Breakfast Show. 9.00 Michael Aspel presents music, guests, competitions and "Swapshop." 12.00 Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 London To-day. 7.30 Open Line. 9.00 Your Mother Wouldn't Like It (rock show). 11.00 Tony Myatt and his late night show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,950



ACROSS
1 Die to make a profit (4, 2)
4 Curve in road caught by traffic light (6)
8 Article on classic poet coming along slowly (7)
9 Manner adopted by team along the border (7)
11 Acquiring a liking for job to merit rebuke (4, 2, 4)
12 Ought students' union to take responsibility? (4)
13 Beastly place the French fashion (5)
14 Little mischief being single does to freedom from punishment (8)
16 Wife uses language of bygone days (3, 5)
18 Disgrace cow making a noise (5)
20 Record reached when daughter is 100 (4)
21 Argue about exchanges of orchestral players (5, 5)
23 Beginning with character inherited by relative (7)
24 Fishing for complaints? (7)
25 Wet turf to study (6)
26 Bird found in very large quarry (6)

DOWN
1 Dance with Georgia (5)
2 Declare there's cunning about bondage (7)
3 Student of the man within (9)
5 Unfortunately there's a shortage (5)
6 Singer has nothing on this instrument (7)
7 Cleaner the colour of beetroot making one navy flag (3, 6)
10 *Humbly offering* spare headgear (3, 2, 4)
13 Smooth quality of counsel (9)
15 When things went well and one had lots of dates (5, 4)
17 Ordered to rush when brief month over (7)
19 Lie by striker (7)
21 Match girl (5)
22 *Grimy hothead taken out of* small boat (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

The Bavarian State Collections have placed on exhibition in the Neue Galerie, Munich, Turner's late sea-piece 'Ostend,' which has recently been acquired from Thos. Agnew and Sons, the London dealers who have specialised in Turner's work for over a century. Until its acquisition by Munich, 'Ostend' was one of only five Turner oils, exhibited in the last decade of his life, left in private ownership and it is the first painting by Turner to enter a German collection.

Aldwych

The Return of A. J. Raffles

by B. A. YOUNG

On his return from South Africa, where he had been mistakenly reported as killed on Spion Kop, Raffles was momentarily disconcerted to find Bunny about to go to Covent Garden with Lord Alfred Douglas, whose friend was also abroad. Lord Alfred, once the situation had been made clear, was quick to seize the advantage of the famous cricketing cracksman's unexpected return. Why not burgle the country home of his moronic father the Marquess of Queensberry, where there would be a great deal of ready money for gambling debts, and where some of the guests would be sure to have mistresses laden with jewellery?

For full appreciation of Graham Greene's glorious comedy one must have some previous knowledge of the sporting and criminal activities of A. J. Raffles and his companion Bunny, and of the exploits of the Douglas family previous to the summer of 1900, when all this happens. (Mr. Greene has kept the Scarlet Marquess alive for a little extra time to suit his purpose.) One should also know about the private habits of the then Prince of Wales, who unexpectedly appears on the scene of the crime.

The opening scene, for example, between Lord Alfred and Bunny depends very much on knowledge of their recent lives. Oscar is in Paris, living on £2 10s. a week; Raffles has purged his crimes with a hero's death, having left Bunny to serve two years for their joint offences. This scene, written rather in the manner of the beginning of *The Importance of Being Earnest*, ought to be funnier than it is as Peter Blythe and Clive Francis play it, monotonously level, without enough indication of the comedy in their lines; but both of them, Mr. Blythe as Bosie particularly, blossom as the play goes on.

Denholm Elliott plays Raffles, lithe and handsome, though less quick on his feet than he should be when he tries to escape from Queensberry's room to avoid detention by Inspector Mackenzie, whom Raymond Westwell makes suitably ponderous. As it happens, arrest is checked by the intervention of the Prince, who has borrowed the room for an assignation with a lady called Alice. Alice, played with charm by Jane How, has just surprised us by undressing completely in this room before retiring next door for a bath.

If, from the fragments of it I have recalled, the plot seems bizarre, let me add that we have not yet encountered the German spy, or attended at the death (by a fall through the roof of the Burlington Arcade) of the Marquess of Queensberry. The story is farcical; but like all good farce it holds well together, offering suspense as well as comedy. Like all good farce, too, it seeks no object but to amuse, and I was laughing, sometimes aloud but oftener to myself, as some remembered detail cropped up grotesquely out of context, almost continuously the whole evening.

The director is David Jones, who is well served by his company. Paul Roger's Prince is a Beerbohm come to life, his guttural r's preserving his German ancestry. The real German—also a cartoon figure—is righly played so by Michael Bryant, and there are telling sketches by Norman Tyrrell as Queensberry and Gordon Gostelow as Smith, the head porter of Albany (new since E. W. Hornung's day). The sitting-room of Raffles's chambers, a box of Sullivans ready for his return like a candle in the window, and the Marquess's bedroom are designed with appropriate luxury by Alan Tagg.

The Entertainment Guide is on Page 7

Royal College of Music

Hansel and Gretel

by RONALD CRICHTON

Operas suitable (or considered suitable) for children are not always good material for student performance. Humperdinck's *Hänsel and Gretel* is a case in point. With such cosy, folksy, apparently singable tunes and such warm, quilted orchestration apparently ideal for blotting out little human errors in the pit, t... work may seem an easy sing and a safe play. But while the scoring is more revealing than you might think, Humperdinck, who was deeply under Wagner's sway but managed in this opera at least to benefit from his subjection, spun a mini-*Meistersinger* tissue which is a dangerous competitor for young, inexperienced voices. This production by the Opera School of the RCM overcomes most of the difficulties. Singing and playing have the size and confidence needed for this strangely constituted, still mainly lovable score.

The producer is Marion Studholme. Good opera singers don't necessarily make good producers, and no one would say that this *Hansel and Gretel* advances the art of opera direction very far, but Miss Studholme has made her principal singers unselfconscious in scenes that can easily go coy and twee. What is more, she has made them sing out and project their voices (their words, too!) over the eiderdown of orchestral tone. Susan Cochrane, last Thursday's Hansel, has a well-founded mezzo voice of encouraging quality. In addition she has good features and speaking eles (but is sometimes lazy about synchronising movement and rhythm). For this role she is tall but there are many breeches parts in which that will not matter.

Gretel was Sheila Donovan, a less even singer but another taking performer who held the stage in the forest scene. All this part, where Humperdinck, at least up to the prayer-duet, genuinely catches a child's view of German forest romanticism, is still irresistible. It was nicely carried off by both singers. A student *Hansel* reverses the usual order of things: instead of mature singers cavorting as kids, one has to make allowances for young ones tackling Parents and Witch. Erica Laurentius as the Mother showed the makings of a powerful voice. Patricia Richards sang the Witch with gusto but would be more effective with less energy spent on fussy movement. The Father (the only male voice in the opera) is a thankless task for a young singer. Edgar Charlebois was pleasant but lightweight—lightness was more appropriate for the tiny Sandman (Elizabeth Gardner) and the Dew Fairy (Lillian Lea).

The Dream pantomime is left out. One can hardly blame a music college for not wanting to rehearse 14 angels who dance but don't sing. All the same, this was a cautionary example of the dangers of making cuts in a well-shaped work. The absence of this short but climactic scene threw unexpected weight on the previous orchestral interlude and on the prelude to the last scene, both of which sounded unusually laborious, while the children's subsequent references to the angels made little sense. Richard Austin conducts. The playing was efficient and justly balanced, with perfectly steady horns at the beginning of the overture.

Actors' association to reach new audiences

In Performance is an association of professional actors and musicians who plan to work together on anthologies of poetry, prose and music, and on specially scripted materials, for a wide variety of audiences. Among the artists who have undertaken to appear, other engagements permitting, are Michael Gough, Pat Heywood, Robert Eddison, Charles Kaye, Maureen O'Brien and a dozen more.

Their first production will be *Anthology for Christmas 1975*, to be played in churches in East Anglia during the Christmas season.

Children's Christmas at the National Gallery

Children are invited to the National Gallery Christmas activity, which is suitable for eight to 14-year-olds. Called *The Christmas Story*, it is being held at the National Gallery until January 3, except Sundays. (It will also be closed on December 24, 25, 26, 27 and January 1.) It will start from the Board Room (off the main vestible) at 10.30 a.m. and again at 2 p.m.

The activity will take the Christmas story as its theme, spotlighting famous paintings with a Christmas subject, including Jan Gossaert's recently cleaned *The Adoration of the Kings*.

niversity Theatre, Newcastle

Woyzeck

by MICHAEL COVENEY

)ne of the great plays of the ropean repertoire, written by genius who died in 1837 at age of 23, was performed on urday night in front of a ifully sparse house. If the dents who use the theatre's were to enter the auditorium once a year, then you would e thought Büchner's would the play for them. They tainly missed something, for th Hack's Tyneside Theatre npany production was clear, l-cast and beautifully staged a huge, tilted, wooden-planked a that stretched to the build-'s visible back wall.

'he excellence of Sally Gard-'s design allowed for the ft succession of scenes, played in admirable, low-key manner the company and superbly lit Philip Rowe. There are vy, white sheets hung from a verse line for the domestic nes, bright lights and an ordion for the sensual rusion of the fairground, solid niture for the inn. Mr. Hack's ptation is faithful and con-, transposing one or two nes in the now generally epted order, but with justifi-on: so, instead of Woyzeck ne at the end, we see the out-eously caricatured figures of Captain and Doctor chatter-over the excellence of the rder as Marie's body is borne y.

s Woyzeck, Bary Stanton is standing: bullish yet vulner-, padding along the river's e and starting at the noises er the grass with the panicky y of a troubled visionary. But Mr. Stanton knows full well that Woyzeck is no simpleton—he is perfectly articulate when required to be so ("a poor man has no sense of decency, he does what's natural") and grossly honest when caught urinating in the street by the Doctor.

But the play is also a tragedy for his lover, Marie (Patti Love) who is struck by the dashing figure of the Lieutenant (Jonathan Kent) and pays with her life. There is nothing romantic or grand in her tragedy; she is brutally stabbed with a knife bought for twopence and, as her body lies at the front of the stage, Woyzeck is whooping it up in the inn, making passes at one of the girls. "Do I look like a murderer?" he says as the suspicion mounts. The question answers itself.

As we know, the play was a great influence on the early plays of Brecht, and its power and originality can still be felt in the plays being written in Germany to-day by people like Fassbinder and Kroetz. But, especially, it stands gloriously and tantalisingly on its own merits as a poetic testimony to the sad lot of ordinary people driven to despair and isolation by the misery of their lives, the piling up of "one thing after another." This much the production triumphantly asserts, and there is fine support for Mr. Stanton and Miss Love from Ian McDiarmid and Anthony Milner as grotesque representations of the sort of rationalising theorists who operate dangerously as sociological forces.

)vent Garden

Petrushka

by CLEMENT CRISP

fter an absence of eight years rushka has returned to the ra House stage in a welcome production by John Taras. s greatest—because most com-e in its collaboration—of the ghilev ballets has been a blem piece for years. Impos-e to recapture the vigour and nenticity that it had with the ghilev troupe; our dancers, r training and dramatic ls, are very different in e from the Ballet Russe. ead we have to re-think, as vivid terms as pos-e, the presentation of a ersburg crowd in 1840, and it to Mr. Taras' credit that dent and the minutiae of racterisation have been so l worked out. In everything the detail of the action, Mr. as has respected the text blished for the Royal Ballet Grigoriev and Chernicheva n they prepared the staging 957. Mr. Taras' task has been clean up the presentation, e entrances and character nettes more happily with the sic, and in this he has been rely successful.

s it ws staged last Thursday, rushka looks convincing, and h—perhaps too fresh in the of some costuming, which a raw, newly stitched bright- that needs some spraying n. If there is a fault in the formance style it is that e of the playing is too sciously "acted" instead of d, but this refinement can e with experience. Of the central trio, Merle Park is exceptionally good as the Ballerina—bright, vapidly charming—and David Adams brings out the humour of the Blackamoor.

But with Rudolf Nureyev's Petrushka I have certain reservations, reservations increased by Lincoln Kirstein's *Nijinsky Dancing* which I reviewed last week. The photographs of Nijinsky suggest a blank misery, with smeared, dulled features and a dislocated body, which are not part of Nureyev's muscularly sharp and alert reading. This Petrushka has nerves and feelings very near the surface, and the pathos of the soul glimmering faintly through the sawdust is missing. (Missing, too, the black gloves which Nijinsky wore: the present white pair are surely incorrect.) Nureyev's is an interesting reading, but the intensity of the puppet's suffering has too much bravura and not enough mute agony.

The programme also included *Symphony*, looking far stronger than at its first revival earlier this summer, with Lynn Seymour stormily beautiful in the central role. *Les Biches*, too, has returned to the stage. This deliciously corrupt piece needs cooler playing than it got from the three beach heroes last Thursday—there was a tendency to caricature their muscled self-absorption—but Georgina Parkinson was very fine as the androgynous figure in blue. Any further comment must wait until later performances this month.

Pitlochry Festival plans for 1976

itlochry's festival will run t year from April 24 to ober 2, plus a four-day spring ival from April 9 to 12 and three-day series of Easter actions from April 16 to 18.

he drama programme will ude: *The Forrigan Reel*, by es Bridie; *What Every man Knows*, by J. M. Barrie; *rlock's Last Case*, by Matthew g; *Not Now Darling*, by Ray ney and John Chapman; *The n Cocktail*, by John Haggarty; *A Presbyterian Wedding*, by hibald Pitcairne. The last are both world premieres.

Next year at the Open Space

Five new plays and one foreign work receiving its British premiere, make up the new season of work at the Open-Space Theatre. In January, Frank Marcus's adaptation of Arthur Schnitzler's comedy *Anatol* will open the season. This will be followed by *Hanratty in Hell*, a play by Andrew Carr which gives a surreal treatment of the Hanrattty case. This will be followed by E. A. Whitehead's *Mecca*, set in a tourist resort in Morocco. Lastly John Finch, the author of the television series *Sam*, has been commissioned to write a play tentatively entitled *Brigade*, about the Spanish Civil War.

Theatre Royal, Glasgow

Cosi fan tutte

by ELIZABETH FORBES

Scottish Opera, having demonstrated the suitability of its new Glasgow home to 19th-century works with *Die Fledermaus* and *Otello*, and to 20th-century pieces with *Hermiston* and *Ariadne auf Naxos*, has now proved that the Theatre Royal is a perfect house for 18th-century opera by reviving one of its most successful productions: *Cosi fan tutte*. Anthony Besch's staging, restrained and unexaggerated as it is, rams home with ironic force the realisation that the two major London companies have, at present, nowhere to perform Mozart operas on the scale that best suits them.

This production, now over eight years old, would lose much of its impact at Covent Garden or the Coliseum. It does not contain a single joke put in solely to raise a laugh (though the Glasgow audience chuckles constantly and appreciatively), but uses subtler ways of illustrating the comedy, secure in the knowledge that everyone can hear the most delicate vocal nuance, can see the slightest change of expression on a singer's face. It is not afraid of the implication that below the surface of apparently facile emotions lie genuine heartbreak and disillusion.

Mr. Besch points no moral, nor does he draw any conclusion on the permanence of the lovers' reconciliation. John Stoddart's designs conform to this neutrality, adding their own comment on the situation. Initially in black and white—the first two scenes, the Turkish Bath and the sisters' bedroom, are almost completely white—the sets and costumes remain colourless until the entrance of the "Albanians," clothed in multi-hued robes. Colour invades the stage until the signal for the officers' return, when the girls tear off their wedding finery, and the final scene reverts to black and white.

Production of *Cosi fan tutte* can be centred on any of the six characters; this one revolves round Dorabella, who emerges as the more vulnerable of the sisters. Janet Baker gives a truly marvellous performance, even better sung, funnier, more touching, than before. Though she can flounce around hilariously, as in "Smanie implacabili," many of her finest moments are completely still and silent, as when she listens, mouth slightly open in amazement, to Despina's worldly advice. Best of all is the irresistible glee with which she chooses the "handsome dark one" as the sisters decide how to apportion their beaux.

Elizabeth Harwood, also from the original cast, is an unusual Fiordiligi, less aggressive in attitude towards her new suitor, though just as sincere in her attempt to remain faithful to the old one, than the conventional heroine. Accustomed to general love and admiration from her little court, she is disconcerted when passion rears its not-so-ugly head. Peter van der Bilt's gentle, matter-of-fact, but far from insensitive Guglielmo is the third surviving member of the 1967 performances. The newcomers fit perfectly into the overall pattern.

Alexander Young, romantically impetuous as Ferrando, falls, much to his own surprise, genuinely in love with Fiordiligi; he sings "Un'aura amorosa" with a tiny thread of tone and consummate artistry. Patricia Hay makes a delightfully natural, sensible and competent Despina, whose disguise as the doctor, a smart "Cherman" student of Professor Mesmer, is very funny. Thomas Hemsley as Don Alfonso is neither over-cynical nor uncinvincingly ingenuous, but acts as the umpire for this mixed doubles match of love. Gary Bertini conducts the Scottish Chamber Orchestra with particular care for balance and ensemble. The translation by Ruth and Thomas Martin is used.

Wigmore Hall

Radcliffe prizewinners

by DOMINIC GILL

This year's is the fourth biennial competition organised by the Radcliffe Trust for new chamber works. The scheme is an unusual one: in the first instance, composers are invited to submit "credential" scores, from which list the selection jury chooses four finalists, each of whom is commissioned to write a new work; the four new pieces are then performed, and judged, and awarded prizes. This year, the commission was for short works for unaccompanied choir. The judges were William Glock, Nicholas Maw and Peter Maxwell Davies. Of the four finalists, Michael Finnissy was the winner: Brian Elias and Anthony Payne came jointly second; Anne Boyd was awarded no prize at all.

Knowing how rarely it is that even the most distinguished jury ever fails, at some crucial point in its deliberation, to come to the wrong decision, students of competition-judging will understand from this result that the work which failed to gain a prize must almost certainly have been a more original, more accomplished and more interesting work than any of the other three. They could even be right. Strange, this compulsive urge at every stage to grade, order, appoint: how much wiser were Benjamin Britten, Thea Musgrave and Humphrey Searle in 1969 choice, they divided prizes equally among the four Radcliffe finalists!

Last Thursday in a Park Lane Group programme which also included *a capella* works by Monteverdi, Hugh Wood, Nicholas Maw and David Bedford, the John Alldis Choir sang only two of the Radcliffe commissions, by Brian Elias and Anne Boyd. Elias's 10-minute setting of *The Proverbs of Hell* was a dull, earnest essay, a quaint piece of choral writing, stuffed with old-fashioned academic manners, well enough crafted, but without fire, or buoyancy, or presence, and lacking in any kind of visionary response to Blake's visionary words.

Barely conceivable that any jury could find it more worthy, or more interesting, than Boyd's *As I crossed the bridge of dreams*: a haunting, dreamlike elaboration for 12 vocal parts of a single chord, gently shifting in colour and texture for 12 minutes, inspired by the "infinitely subtle and slow-moving chords of the Japanese *sho*"—a gossamer web in sunlight, as insubstantial, and as beautiful, simply conceived, perfectly executed.

Students of competition-judging will be waiting, all ears, when the John Alldis Choir present the first and other joint second prize-winning compositions on Thursday this week.

New chairman for Young Vic

Sir Joseph Lockwood has retired as chairman of the Young Vic board of management but will continue to be a member of the Young Vic Board. Sir Joseph became chairman in February, 1974, during the time that the Young Vic Company was establishing its separate legal entity from the National Theatre.

The new chairman is Mr. Jeffrey Sterling, the chairman and managing director of Town and City Properties.

HOME NEWS

Texaco puts up prices in line with Esso

BY ADRIAN HAMILTON

TEXACO, the fourth-largest oil marketer in the U.K., yesterday joined the latest round of oil price *moves with a series of increases* very much nearer the rises imposed by Esso than those imposed by the market leaders Shell and BP.

Its broad range of increases varied from around 3p per gallon *on the wholesale price of petrol* to around 5-6p on the "distillate" products, gas and burning oils.

In a market confused by substantial price differences between Esso and Shell on industrial fuels, Texaco has clearly put its weight behind the relatively lower rises imposed by *Esso in particular areas.*

The two key product areas are the fuel oil and the gas and bulk heating oil markets.

In the fuel oil market, where demand has slumped because of low industrial activity and the current switch from oil to coal *for power stations*, Texaco has increased the price of all grades by 3p, compared with the 3.4-3.9p per gallon rise introduced last week by Shell and BP and *the 3p per gallon price rise for* heavy and medium fuel oils made by Esso.

In the gas oil market, Texaco, like Esso, has raised its prices by only 5p compared to the 6.5p a gallon rises introduced by *Shell and BP.*

In the burning oil, or domestic heating oil, market Texaco has again followed Esso in raising prices by 6p a gallon rather than the 6.5p rise *introduced by Shell and BP.*

Derv sold by Texaco has been *put up by 5.13p per gallon*, compared with 5p by Esso and 5.5p by Shell, while the wholesale price of petrol has been raised by 3p a gallon for five-star and *2.8p a gallon for other* grades, compared with similar rises by Shell, but slightly higher ones for Esso.

The overall result of the increases announced so far will probably mean little difference *at the pump for derv and petrol.*

Joseph blames Tory setbacks on compromise obsession

BY RICHARD EVANS, LOBBY CORRESPONDENT

A CONSERVATIVE philosophy based on the search for the middle ground of politics rather than a "self-defeating" quest for common ground with other parties was explained at the week-end by Sir Keith Joseph.

Sir Keith, "shadow" *Cabinet* Minister with special responsibility for policy and research, caused considerable confusion at this year's Tory Party conference.

In a speech to the Oxford Union on Saturday, Sir Keith said that the middle ground was not a secure base, but a "slippery slope" *to a kind of socialism.* At that time, he urged the party to abandon Mr. Heath's search for common ground with other parties in favour of a direct Tory *appeal to the electorate.*

Its location had customarily *been determined by the positions* of the extreme Left of the Labour Party and the Tory centre. But since the extreme Left had moved further Left every time the Tories shifted, the middle ground had *shifted* Leftward, too.

Sir Keith described the Tory "obsession" with the middle ground as the key to the party's decline. "For it decided not only what we did and refrained from *doing but also to an increased* extent what we said and refrained from saying."

Tories had been told that by locating and holding the middle ground they would be guaranteed power in perpetuity. And if by mischance they lost office briefly, this was because Labour had been even more finely discriminating in seizing the middle ground.

Instead of remedying the causes they had tried to suppress *the symptoms. The party's credi*bility and inner conviction had been eroded.

In the absence of a dialogue with the people based on what all concerned really believed, the picture of the middle ground consensus all too easily became *what the media was saying* rather than what the public felt.

Sir Keith felt it would be easier to find common ground "*now that the crisis is shaking* the cocksureness out of many Labour supporters." He thought *overmanning was the first issue* on which common ground could *be found with Socialists.*

"It is absurd and anti-social *to claim that men should be kept* in workplaces — whether at the expense of the employer or, more usually, of the taxpayers, the national economy and the British public — going through the motions of working and being paid for it when their work is actually making no contribution to the work-making process."

There might also be common ground on the impossibility of *trying to hold down unemploy*ment by inflation and on the need for good profits. Sir Keith thought that the Government was beginning to change its mind on profits.

Herrema given big welcome on return

By Giles Merritt

DUBLIN, Dec. 7.

TIGHT SECURITY surrounded *Dr. Tiede Herrema*, the Dutch industrialist, to-day as the city of Limerick *gave him a hero's* welcome home just over two months after he was kidnapped from outside his home there.

As the central witness in the *case soon to be brought against* Mr. Eddie Gallagher and Mrs. Marion Coyle, who held him hostage at gun point in a Monasterevin council house for nearly *three weeks, Dr. Herrema is to* be closely guarded by Irish police until after the trial.

Suggestions that he should drive to to-day's civic reception *in an open car were firmly turned* down by the police, and for the time being his £30,000 home at nearby Castletory is to be kept under armed guard.

An estimated 10,000 people lined the streets to see Dr. Herrema's motorcade, which was accompanied by seven vans.

Earlier Dr. Herrama had told a selected audience of 1,500 that foreign industrialists should note the way in which Ireland looked after those who sought to provide it with an industrial base.

He told reporters soon after flying from Amsterdam to Shannon airport: "I am a little worried about coming back. But one has to take *certain risks.* It was a family decision to return and I think it is well worth it."

Develop docks, Crosland told

THE GOVERNMENT should divert public money and resources from new town schemes and spend it on redeveloping London's docks, says the London Chamber of Commerce and Industry.

The chamber has written to Mr. Anthony Crosland, Environment Secretary, that unless something was done soon the docklands were likely to degenerate into "an appalling area of urban squalor and decay."

● NEWS ANALYSIS—DENTAL GOODS

Long links, now a merger

BY MICHAEL LAFFERTY

AFTER 75 years of close co-operation, two of the largest groups in the world dental goods market are proposing to merge.

Last Friday night, Dentsply International, the third or fourth largest manufacturer of dental *goods in the U.S., announced it* had agreed terms for the takeover of the U.K.-based A. D. International, one of the world's biggest suppliers of dental products, *in a bid valuing ADI at* about £15m.

Dentsply is offering 70p in cash and 46p of 9 per cent. sterling-dollar Convertible Loan stock for each 25p Ordinary share of ADI.

It intends to apply to the London Stock Exchange for list*ing of the Loan stock* and of its own Common shares which are already listed on the New York Stock Exchange.

The merger has the whole*hearted approval of the Monopo*lies Commission.

After considering Dentsply's previous £14m. offer for ADI, announced in August 1974, the Commission ruled in *May this* year that if the merger did not take place, "there would be some detriment to the public interest."

Exclusive

*A relationship between Dents*ply and ADI goes back as far as 1900 when Dentsply, formed 11 years earlier, granted an exclusive franchise to de Trey and Co. *(an antecedent of ADI) for the* sale of Dentsply teeth and some associated products in Europe and all other territories outside the American continent and a few other areas.

These trading arrangements have been continued through a series of master agreements, the latest of which were signed in 1967. This agreement prohibits *ADI from manufacturing teeth.*

The products sold by ADI under the franchise agreements are manufactured by Dentsply in the U.S. or by Dentsply sub*sidiaries* in the U.K., West Germany, France, Italy and Australia.

All of these were set up or acquired by Dentsply between 1920 and 1958 to serve ADI needs.

As a result, ADI is the largest single purchaser of Dentsply's *dental goods.*

The size of the world's dental *goods market was estimated at* £330m. per annum in 1973; of this almost 50 per cent., is consumed by the U.S., and a slightly smaller share by Europe, *with the rest of the world taking* no more than 10 per cent.

In effect, Dentsply has appointed ADI as its exclusive distributor in a territory esti*mated to represent* about 50 per cent. of the world market for dental products.

Under the franchise agreements, 18 per cent. of Dentsply's worldwide dental business in 1973 was with ADI.

GEOGRAPHICAL ANALYSIS OF 1973 DENTSPLY SALES	Total £'000s	Sales to ADI: £'000s	Other Customers £'000s
U.K.	858	737	121
Total EEC	4,729	4,295	434
Central and S. America	1,551	—	1,551
Canada	1,612	161	1,451
Other outside U.S.	1,269	299	970
U.S.	24,651	—	24,651

Source: Monopolies Commission

The entire output of Dentsply's French and Australian subsidiaries was taken up in that *year by ADI* as well as almost 95 per cent. of the output of its two plants in West Germany.

The history of the British group dates back to 1924 when the Amalgamated *Dental* Company (ADCo)—now ADI's main operating company—was formed through the merger of de Trey and Co. and Claudius Ash and Sons, a company *with origins* back in the early 19th century.

In *1966* both the Dentists Supply Company of New York, predecessor of Dentsply International, and the Blackpool-based Dental Manufacturing Company made offers for ADCo.

Both mergers were referred to the *Monopolies Commission* which concluded that neither merger might be expected to operate against the public interest.

In the event, neither bidder proceeded with its offer. In July, 1968, ADI *took over the dental* interest of the Dental Manufacturing Company for £1.7m.

To-day, ADI is one of the world's biggest international suppliers of dental equipment, in*struments* and other products (and probably the largest in Europe), providing a comprehensive service in over countries.

According to the Monopolies Commission report goods manufactured by ADI probably accounted in 1973 for about per cent. of all dental goods sold in the U.K., while the company's share of wholesaling was about 40 per cent. and of retailing between 25 and 30 per cent.

It is not difficult to see why Dentsply should be interested in merging with ADI. It has been feared that a third party might take over the British group and this was *the primary* reason for its 1966 bid.

Agreements

It was as a result of the Dental Manufacturing Company bid for ADI in the same year that provisions were introduced whereby the franchise agreements would be terminated by Dentsply if a third party acquired more than 20 per cent of the voting capital of ADI.

[ADI's largest shareholder, British Oxygen Company, with shareholding of 17.6 per cent has always maintained it has never considered making a *bid for the group.]*

Dentsply also proposes to make the U.K. the manufacturing base for dental goods to meet the expected growth in demand, particularly from the EEC.

If the bid should fail, Dentsply *says it will seek to establish* own distribution network ADI's territory.

General import controls 'may be imposed in next two years'

BY MICHAEL BLANDEN

GENERAL IMPORT controls could be imposed to overcome the U.K.'s continuing balance of payments deficits in the next two years, it is suggested in the latest* Market Review by stockbrokers Phillips and Drew.

Against the background of expectations that the Govern*ment will soon introduce selec*tive import controls, the Review suggests that other countries could be more sympathetic to the U.K. in a year, when world trade is expanding.

The Government might be *tempted to believe this and to* "view any selective measures as merely a pilot scheme for what could be required later."

Drawing attention to the need *for substantial foreign borrow*ing over the next two years, the brokers "are not confident that the U.K. can raise the money on acceptable terms." Even with full use of remaining tranches of the U.K.'s credit *at the International* Monetary Fund, there would still be a *shortfall* of over £1.2bn. on Phillips and Drew's projections.

"The conditions applied to further IMF drawings may them*selves be deemed politically* unacceptable, in which case the *shortfall would be as high as* £2.4bn.," the Review says.

The brokers believe that "the behaviour of the balance of payments will be the main determinant of the level of U.K. economic activity in the next 18 *months.*"

Turning from their recent *concern with the internal bor*rowing requirements, Phillips and Drew concentrate in the Review on the external position.

With economic recovery gathering pace from the middle of next *year, the Review predicts* that in spite of the benefits of North Sea oil (£880m. next year and £1.9bn. the year after) the U.K. will still have a balance of payments deficit of £1.6bn. next year, rising to £2bn. in 1977.

"The basic reason for this is that the domestic recession has *not been severe enough* (or our export performance not strong enough) to compensate for the movement in the terms of trade over the last two years."

On these forecasts, the Review says, the U.K. needs to borrow about £3.6bn. over the next two years to meet its external debts *on current account. Firm sources* amount to only £1.175bn. from the IMF and the final tranche of the Iranian loan.

Economist favours pollution tax

BY ADRIAN HAMILTON

POLLUTION CHARGES in the *form of a tax on polluters would* not only be a more efficient way of ensuring a proper allocation of resources than the present system of direct controls on pollution, but would also serve to encourage companies con*tinuously to seek ways of re*ducing pollution, according to Dr. Wilfred Beckerman in a newly-published pamphlet on the question.

Dr. Beckerman, who with *Lord Zuckerman strongly argued* in 1972 for a move from controls to charges in a minority report of the Royal Commission on Environmental Pollution, has now returned to the argument in a paper written for the Institute of Economic Affairs.

He suggests that much of the argument against such charges—for example that they would bear more heavily on smaller companies than larger ones—is *illogical.*

Pollution charges would serve exactly the same purpose as the use of tax to allocate labour and raw materials. Yet, while these taxes and charges were generally accepted, proposals for a *pollution charge were not.*

"*Pricing for Pollution*," by *Dr. Wilfred Beckerman, available from the Institute of Economic Affairs, price £1.*

IN BRIEF

U.K. 'will lose'

Britain would "lose out" if Government introduced selective import controls, said Mr. *Harrison, chairman of the* Importers Confederation, represents 3,300 importers.

£60,000 hope

Trawler Gillingham's catch 20,000 stone of prime White plaice is expected to make world record price of more *£60,000 when it is sold at Gri* to-day.

Overtime

Fords plant at Halewood, Liverpool, worked a full Sunday time shift of 4,000 men and produced 400 Escorts and worth £750,000.

Book now

The Post Office will from to-day bookings for national calls to be made between 6 p.m. on Christmas Eve mid-night on Boxing Day which cannot be dialled by subscriber.

Lost profit

Shoplifters were "taking cream off traders' profits," *Mr. Malcolm Barker*, of Senelco Security Company were likely to total at least £6m. of them in London.

Brain unit

London University has set a new brain disease research after a £300,000 endowment *the Brain Research Trust.* Academic Department of Neurosurgery, at the Institute of Neurology, Queen Square, W.C.1, will headed by Professor Valentine Logue.

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Indonesian army seizes Portuguese Timor capital

BY KEVIN RAFFERTY, ASIA CORRESPONDENT

NDONESIAN regular army soldiers yesterday marched into and seized the city of Dili, capital of Portuguese Timor, from the Fretilin left-wing independence movement.

Dr. Adam Malik, Indonesia's Foreign Minister, said in Jakarta that Indonesia's assistance had been requested by the four pro-Jakarta groups which wanted help in restoring security. But Fretilin spokesmen described the arrival of the Indonesians as an "invasion."

An official Indonesian statement said: "The city of Dili in Portuguese Timor was on December 7 at 12.30 hours (05.30 GMT) liberated by the people's resistance spearheaded by the Apodeti, the UDT, the Kota and the Trabalista. In the attack against Dili the people's resistance forces were this time assisted by Indonesian volunteers."

Dr. Malik said that about 1,000 Indonesian troops had been put ashore. Their aim was "to prevent bloodshed." On Saturday Indonesia's Parliament had urged the Government to take action in Timor, the Western half of which is part of Indonesia, to "insure the security and stability of the nation."

Fretilin radio broadcasts picked up in Darwin claimed that the invaders were shooting women and children indiscriminately in the streets of Dili. "We are all going to be killed—do something, do something," a member of the Fretilin central committee called. He also claimed that paratroopers had helped in the attack. Dr. Malik claimed that women and children had been killed by retreating Fretilin forces.

Fighting had been going on in East Timor since August when the Portuguese authorities lost control and fled to a nearby island of Atauro. For most of the time Fretilin forces, because of the backing of, almost the entire Portuguese arsenal on the island, controlled Dili and most of the tiny territory of 650,000 people which had been a Portuguese colony for 400 years.

In the early days the pro-Indonesian forces of Apodeti were running a poor third to Fretilin and the UDT which originally wanted integration with Portugal. But gradually with Indonesian training and some active support the anti-Fretilin forces began to make headway. It has been an open secret for some weeks in Jakarta that Indonesian soldiers had been involved in the fighting, though possibly not camped on East Timor soil. This line of land attack was slow, bogged down by the mountains and the monsoon rain. The obvious way to take the colony was to attack from the sea.

At a meeting last month Dr. Malik and Major Ernesto Antunes, his Portuguese counterpart, made a secret agreement at which it is understood Portugal agreed not to interfere in the colony.

On November 28, pushed back by the pro-Indonesian forces, Fretilin declared independence in what was seen as a desperate bid to attract world publicity which might save its cause. The opposing groups responded by declaring the territory part of Indonesia.

The questions now are whether the Fretilin forces are completely defeated and what Indonesia proposes to do with the tiny territory. Mr. Christivao Santos, the Fretilin spokesman in Sydney, promised that the movement would not surrender, but would "mount a never-ending campaign against the invaders. We will fight to the last drop of blood."

Dr. Malik said Indonesia would be prepared to deal with a protracted guerilla campaign. According to Fretilin sources the movement has large food and supply stockpiles in the hills.

For the Indonesians possession of Timor is not too much of an asset. But if it were in the hands of a rival or fought over by the great powers Timor would be a dangerous source of instability. The island is self-sufficient in food, but the population lives largely at subsistence level. The Portuguese were first attracted there by the sandalwood forests, but these have since been exhausted.

It seems likely that Indonesia will hold a referendum in East Timor. Dr. Malik said yesterday: "Whether they want to reaffirm their wish to be part of Indonesia, or something else, it is up to them."

Political deadlock eased in Portugal

By Paul Ellman

LISBON, Dec. 7.

THE THREAT of a new political impasse inside Portugal's sixth provisional government appeared to have ebbed to-day following the adoption of more conciliatory positions by the Communists and the Popular Democrats. Demands by each party that the other should be excluded from the Government had raised the danger of a new political crisis for the Prime Minister, Admiral Jose Pinheiro de Azevedo.

The Communists at their first public rally since the November 25 uprising, heard their leader, Dr. Alvaro Cunhal, repudiate "left wing adventurists" who took part in the rebellion.

Dr. Cunhal told a crowd packed in the Lisbon bull ring that the failure of the rebellion, which he said had lacked a "political" plan, had created a "new reality" in Portugal.

"Some things have to be said so that we can consolidate our positions and reorganise for a new attack to allow the Portuguese revolution to go forward, towards socialism," he told his cheering supporters.

Warning that the Portuguese revolution had now entered a "dangerous" phase with the threat of a new dictatorship a real possibility, Dr. Cunhal said the Communist party would remain inside the Government so long as it did not put forward "anti-democratic or anti-working class" policies.

Referring to the Popular Democrats, Dr. Cunhal said: "These people don't understand that the Portuguese Communist party does not exist to defend the rights of capital but to defend the rights of the workers."

The Popular Democrats, at a special party congress over the week-end, meanwhile dropped their call for the expulsion of the Communists from the Government for their alleged part in the November 25 rebellion, the Congress instead passed a motion condemning the Communists but not repeating the expulsion call.

U.K. bid to consolidate EEC concessions

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BRUSSELS, Dec. 7.

THE EEC to-morrow starts its usual hectic flurry of end of the year activity with eight separate Ministerial meetings scheduled here for the next 10 days. In at least three of these council sessions, the U.K.'s EEC policies will once again be in the limelight.

At to-morrow's meeting of Ministers of the Environment, fresh efforts will be made to solve the dispute between Britain and the Eight over water polution that blocked progress at the last meeting in October on common environmental policies. Here, the Commission is now reasonably hopeful that a compromise can be reached.

On Wednesday and Thursday, Transport Ministers will once again be looking at proposals, on lorry drivers' hours and the controversial tachograph or "spy-in-the-cab," that Britain, Ireland and Denmark are all resisting.

Italy, in the Council chair, has drawn up an ambitious five-point compromise plan including new proposals on another long-standing bone of contention, the weights and dimensions of lorries, but agreement will be far from easy.

The most important moment politically is likely to come on Tuesday, when the nine Foreign Ministers meet to tie up the loose ends of last week's Rome summit and complete arrangements for the ministerial session of the North-South conference in Paris on December 16.

Here, Britain will have to ensure that the EEC mandate formally adopted for the dialogue fully reflects the assurance Mr. Wilson received in Rome, notably on EEC support for an oil "floor price" in exchange for withdrawing his demand for a separate U.K. seat at the table.

The Foreign Ministers also have points to settle on direct elections to the European Parliament, including the number and distribution of seats and whether or not the new European MPs will also have to be members of their national Parliaments. A number of decisions also still need to be taken on the design of the European passport, which the summit meeting decided to start introducing from 1978.

There is also a long list of foreign policy issues on Tuesday's agenda, including relations with Canada, Portugal and Greece and the Community's "overall" Mediterranean policy.

Ministers will have to decide how to fulfil their promise to open negotiations for an improved trade deal with Portugal before the end of the year, and there could well be some discussion of whether to reopen trade talks with Madrid as a gesture of encouragement to the new régime of King Juan Carlos.

Fed intervention doubt

BY RUPERT CORNWELL

PARIS, Dec. 7.

LEADING CENTRAL bankers gather in Basle to-morrow for what will be the first of a series of meetings to finalise agreement on exchange rate rules, the one outstanding problem left before the IMF interim committee completes its monetary reform package in Jamaica next month.

In Paris next Thursday deputies of the "Group of Ten" richest countries will hold a preparatory session before a full-scale Ministerial meeting of the Ten in the French capital eight days later.

The basis for compromise in the fixed versus floating rates dispute was laid by the U.S. and France, long the protagonists in that quarrel, at the Western economic summit at Rambouillet in November. Their two Finance Ministers signed a memorandum aimed at reducing "erratic" fluctuations in rates, as well as devising what may well prove to be the kernel of the new Article 4 of the Fund statutes, covering the exchange rate system applied by member nations.

The text of the document has not yet been made public and will probably not be so at least until it has been ratified by the "Group of Ten."

At their talks at the Bank for International Settlements headquarters in Basle, the central bank governors will be concentrating on the practical application of the agreement, and already suspicions are growing that apart from greater central bank and Treasury consultations, no major changes in present market management will ensue.

Although the U.S. has pledged to defend its currency, there is the obvious problem of defining an "erratic" movement, as opposed to one which reflects an underlying trend, and Treasury Secretary William Simon has pointed out that no fluctuation margins have been agreed for the dollar.

Figures, meanwhile, have just been published showing that in the three months to October the New York Fed spent only \$151m out of total major central bank intervention of \$11bn. This period, moreover, covered the New York City financial drama which deeply unsettled the dollar.

In Paris last week M. Rene Larre, general manager of the BIS, who has seen a succession of commitments by the U.S. to support the dollar, expressed his doubts on the scope of the pact. Citing the unwillingness of the U.S. authorities to accumulate debts, he was sceptical that the Fed would significantly step in.

Summit in Warsaw

BY PAUL LENDVAI

WARSAW, Dec. 7.

AN INFORMAL Summit meeting of the East European countries' leaders with the notable exception of Romanian President Ceausescu will take place in Warsaw when the Polish Communist Party Congress opens here to-morrow. Mr. Brezhnev arrived here to-day heading an important Soviet delegation and while the party leaders of Hungary, Czechoslovakia, East Germany and Bulgaria will also participate at the Congress, Romania will be represented only by a central committee secretary.

In all 53 Communist Parties will send delegations and 16 representatives of Socialist parties and national liberation movements will attend in the capacity of observers. A party spokesman said at a Press conference to-night that the Socialist parties of France, Italy, Belgium and Chile will be represented.

Some observers attached special importance to the full endorsement given by the directives of the Central Committee, published over two months ago, to the development of contracts between Communists, Socialists, and Social Democratic Parties and other groupings. Informed sources, however, discount speculation about so-called "popular front tactics" since the report of the Central Committee about the activities in the past four years, published yesterday, spoke only about "broadened contacts" with the Socialists, warned against the attempts of opponents of detente, and sharply condemned the Chinese Party.

The 1,811 delegates are expected to give full backing to the problems of further modernisation and dynamic growth to be presented to-morrow by Polish Party leader Mr. Edvard Gierek. Since taking over the helm five years ago, Mr. Gierek has achieved startling successes in raising the living standards of the 34m. Poles

With his authority as great as ever, the 62-year-old leader is expected to bring some new men into the Politburo. It is regarded here as a minor sensation that Mr. Franciszek Szlachcic, until the spring of 1974 number two in the hierachy and nominally still a member of the 11-man strong Politburo has not even been elected as a delegate to the party congress. Thus this erstwhile Minister of the Interior and former secretary of the Central Committee is not only certain to be eliminated from the Politburo but is also bound to lose his positon as Deputy Premier.

Beirut 24-hour curfew set

BY OUR FOREIGN STAFF

BEIRUT was yesterday put under a 24-hour curfew, set for to-day, after the death toll in the latest wave of reprisal killings over the week-end had risen to 90 and the Lebanese Interior Minister, Mr. Camille Chamoun, had warned that his Government might declare martial law.

Last night, Left-wing delegates failed to turn up for a meeting of the supreme Co-ordination Committee, which includes the leading Left-wing Moslem and Rightist Christian factions and on which hopes of maintaining the official ceasefire depend. They warned that unless those responsible for the week-end's mass kidnappings and killings were handed over to the authorities, "we may not be able to exercise restraint much longer."

However, although blaming yesterday's spate of killings on the Phalangists and their right-wing allies, the leftists's statement made clear they still considered the ceasefire to be formally in effect.

But the calling in of the army has been persistenly opposed by the Prime Minister, Mr. Rashid Karami, and there was renewed speculation in the Beirut Press that he was again considering whether to resign.

While sporadic exchanges of fire continued in the city throughout yesterday, the peak of the violence occurred on Saturday. Most of those killed were victims of kidnappings who were abducted at roadblocks set up by gunmen in various parts of the capital and suburbs and who were then shot on the spot. Beirut radio said that all roads in and around the city were unsafe.

The sharp deterioration in the situation coincided with a visit to Damascus on Saturday by a Phalangist delegation headed by party president Pierre Gemayel. The delegation had to be taken to and from Damascus by helicopters of the Lebanese air force because the main Beirut-Damascus highway was cut off following clashes between the predominantly Christian village of Kahhalah on the highway and the nearby Druze town of Aley.

Charges were made in Beirut that the object of the escalation of tension was to undermine the Syrian-Phalangist talks.

James Buxton writes from Damascus: Mr. Gemayel's visit was the first to Syria for more than two years. His meeting with President Assad had been arranged with the assistance of the Palestinian group Saiqa, which has played a major role in the Lebanese disturbances. The talks were afterwards described as constructive and Syria said it had reaffirmed its opposition to any partition of Lebanon.

Syria is anxious to do as much as possible to cool the Lebanese conflict and the meeting indicates the growing importance of the Syrian role in the conflict. It has now established links with the Palangist leadership and already has close ties with the Palestinians in Lebanon.

The Syrian government has a clear interest in avoiding any political change in Lebanon which would lead to the end of its neutrality in a future Middle East conflict.

Ennals sees Muzorewa

DAR ES SALAAM, Dec. 7.

BRITISH deputy Foreign Minister David Ennals to-day met separately Tanzanian President Julius Nyerere and Bishop Abel Muzorewa, the self-exiled president of one of the Rhodesian African National Congress (ANC) factions. A British High Commission spokesman said both meetings centred on developments in Rhodesia.

Bishop Muzorewa said after his hour and a half session he had expected Mr. Ennals to try to dissuade his organisation from intensifying the armed struggle in Rhodesia. "But he just wanted to hear our position," Bishop Muzorewa added.

IN BRIEF

Ashes returned

SAYING that North Vietnam "wants not only relations with the U.S. but friendly relations," its ambassador in Paris told a U.S. Congressional delegation over the week-end that there were no more Americans in Vietnamese prisons. On Saturday North Vietnam released the ashes of the last three known American servicemen killed in North Vietnam as a gesture of friendship.

Iran amnesty

THE SHAH of Iran yesterday ordered the release of 242 prisoners to mark the 28th anniversary of the UN universal declaration of human rights. The prisoners had been tried by military courts which, in Iran, are responsible for dealing with alleged terrorists, armed robbers, traitors, saboteurs and plotters against the security of the state.

Cement tribunal

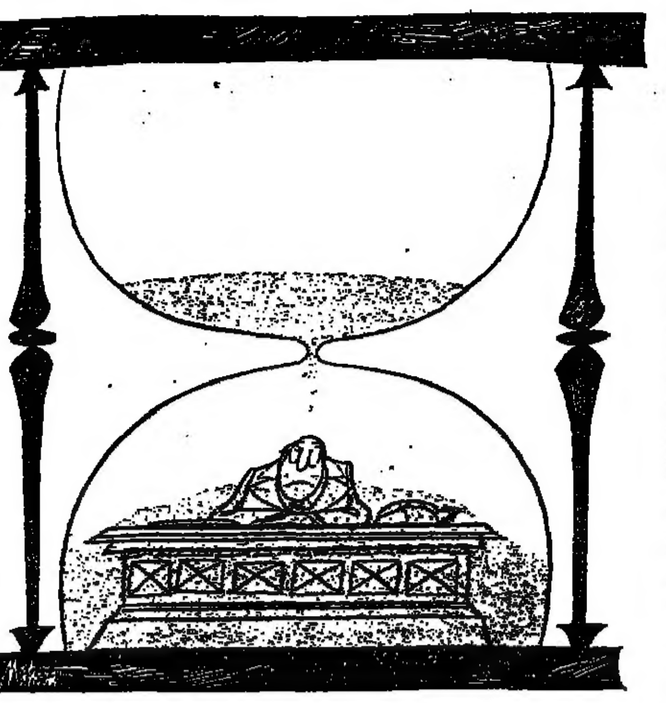
NIGERIA has set up a special panel to conduct final negotiations with overseas cement suppliers on demurrage and other outstanding claims. The seven-man team which has wide powers to resolve disputes on outstanding payments will begin sitting in Lagos next week.

The Office World

EDITED BY JAMES ENSOR

Art Garcia examines recent American research on the male 'menopause'

Does life really begin at forty?



LIFE, they say, begins at 40 but for many modern men the transition into middle age raises the question of whether there's life after 40. Somewhere between the ages of 35 and 60 some—but not all—men go through what is variously termed a "mid-life crisis," the "male metapause syndrome," "middlescence," the "male climacteric" or, more simply, "male menopause." The condition probably has been common to men for centuries but it is only in the past few years that the medical profession, psychiatrists, sociologists, psychologists and other specialists have begun seriously studying the "affliction."

Whether the cause and effect are because of physiological, psychological or cultural reasons or any combination of them raises the conflict. The bigger question is whether anything that may properly be called a male menopause actually exists, although the idea is gaining greater acceptance. Most recent studies show the more serious male problems peak between the ages of 35 and 60 and many link the statistics to something called a "male crisis."

Age isn't the only criterion—some men are said to be middle-aged at 21—but it is dominant. It's in middle age that many men begin feeling trapped between youth worship and obsolescence in the job marketplace, a time when they begin *realising they've fallen short of* their ambitions, their bodies are slowing down and that many long-held beliefs are fading into questionable assumptions. A report on "Work in America," by the U.S. Department of Health, Education and Welfare hints at the male menopause syndrome without defining it: "A general feeling of obsolescence appears to overtake middle managers when they reach their late 30's. Their careers appear to have reached a plateau, and they realise that life from here-on will be a long and inevitable decline. There is a marked increase in the death rate between the ages of 35 to 40 for employed men, apparently as a result of this 'midlife crisis.' . . ."

A "change of life" has long been recognised as a normal physiological transformation affecting women.

But menopause is not something men talk about among themselves nor do they consider discussing their emotional and physical changes with physicians, even though the disruption can affect their health, careers, and private lives as drastically and adversely as female sufferers.

"Very little has been written about the male change of life because, first, there is that masculine reluctance to see a doctor and to admit that anything is wrong," says Dr. Helmut Ruebsaat, a Canadian physician who recently co-authored a book titled The Male Climacteric. He admits that most of the medical profession is chauvinistic.

Yet, in a status-conscious, *achievement-orientated society* with the accent on youth, a man's realisation that he may have gone as far as he's going to go can be just as psychologically devastating. "If you could get all men who have some symptoms to admit them, I think you might end up with 75 per cent," says Dr. Ruebsaat. Most likely candidates, he suggests, are men living under severe stress, carrying heavy responsibility or who are natural perfectionists, along with those physically out of shape and who are bored with their work, their marriage or their lives generally. Some middle-aged men attempt to recapture their sexual attractiveness by being more promiscuous, finding young mistresses, sprouting beards or sporting beads, notes Dr. Golden.

"If you define male menopause as an abrupt hormonal drop, it doesn't exist. But in a psychological sense, some of it is related generally to a shifting of life's circumstances," explains Dr. Dennis Mumunjack, *assistant professor of psychiatry* at the University of Southern California School of Medicine and co-director of its Sex Disfunction and Marital Counselling Clinic. "It happens to many men as they approach retirement, when they have waning energy levels and declin*ing sexuality*. A number of men make a good adjustment to that," he says, "but a number don't. People facing male menopause are those who don't make a good adjustment to what are reasonably common changes in a man's life situation as he gets older."

One of the disturbing causes of some mid-life crises among aggressive and ambitious men may be the mandatory retirement ages at their companies. "Many men are quite capable of, even interested in, working beyond age 62 or 65," comments Dr. Mumunjack. "To have an arbitrary retirement age can be quite shattering to a person who has made that their whole life: 'I am this position, I am this person, I am me, I am the corporation, and without the corporation I am nothing'. Lots of people are put on the shelf prematurely," he says.

Dr. Joshua Golden, a psychiatrist at the Neuro-Psychiatric Institute of the University of California at Los Angeles believes there are many things companies could "very healthfully and very usefully" do to help their male employees through the middle age trauma. If corporations can set up fully equipped health club facilities and encourage physical conditioning on company time to prevent heart attacks and to ease stress, they can just as well offer counselling to prepare men for the emonotional jolts of middle age, *he contends*.

Dr. Edmond Hallberg, professor of guidance at California State University at Los Angeles, refers to the problems facing many men at middle age as the male metapause syndrome. "I do think it's a set of conditions that has been around a long time but that nobody has stopped to identify. You know, up until 1900, there wasn't any mid-life. The average life expectancy for a male at that time was 48," he says, "so what was yesterday's old age is to-day's mid-life." Men aren't as ready *as women to talk about their* change of life "because to a lot of us it's kind of a sign of losing your manhood. Who the hell is going to talk about that?" asks Dr. Hallberg, who's writing a book on male metapause.

While the medical profession debates whether there's really a male menopause, one prominent executive recruiter insists there is such a thing as a mid-career crisis. "I don't know that it's more measurable to-day than in the past, but it is more visible," says Mr. Lester Korn, president of Korn-Ferry International, which claims to be the world's largest executive search firm. "There's almost a feeling of panic that sets in when people begin to perceive that the objectives they had set for themselves earlier may not be achievable," he says. "In the 40s and 50s is when many men realise age is a factor working against them instead of for them, particularly in the middle management ranks."

He agrees companies could do more to help employees handle the "future shock" of middle age and its effect on their careers. "Industry has come round to understanding the impact of physical health on the executive. But we're in the dark ages when it comes to understanding the impact of emotional health upon executive productivity," he argues. "I haven't seen very many corpora*tions turn their attention to this* area. It's not out on the table. Emotional health is not something that is a socially acceptable thing to talk about, in business or outside of business. A lot of corporations in the future, however, as they do their productivity studies are going to have to think about it. How well it will be received in the executive suite, though, I just don't know. I'm not sure it's going to be well received," Mr. Kogn says.

"If someone says the company will put in a gym and that *it would be a good idea* if members of management lost 10 pounds, that's one thing," Mr. Korn says. "It's another if someone says I think you can use some help because you've got emotional problems." More has been done by companies for non-management workers in "emotionally related issues" through on-the-job training and studies on how to make work more interesting and appealing than has been accomplished at the executive level," he observes. "I think actually the worker level force probably has had more attention focused on the problem. Interestingly, too, by the very nature of the maybe more realistic objectives set for themselves in their own work careers, these employees are probably better off than most high-powered, hard - driving executives," he says.

Adam and Eve's advantage

MARK TWAIN commented once that "Adam and Eve had many advantages, but the principal one was that they escaped teething."

Incontestable as that may be, he did not consider the other dental problems that the pair may have suffered in later life as they gnawed away at the fruits and nuts in the Garden of Eden. For surely no other pieces of human equipment give more trouble from the cradle to the grave.

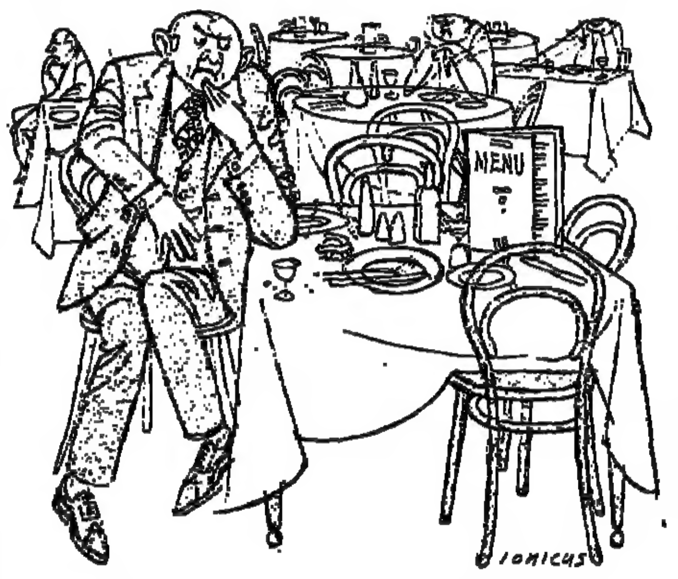
As infants we suffer (or our parents do) as the horrors emerge with difficulty. And here I must disagree with backroom buffoons who claim that teething troubles are a myth. Anybody believing that has never had children and deals only with rats which, no doubt, grin and bear their troubles.

If our worries stopped there, life would be much easier. But those hard-won teeth are only temporary. For some strange reason, and one not even queried by Mark Twain, Nature forces a second lot on us, even increasing the total by four with the tardy, somewhat superfluous wisdoms. Not infrequently there is insufficient room for the new crop. Various theories for this paradox exist. One blames it on our mixed ancestry, suggesting that we inherit one pair of jaws from one person and an outsize set of teeth from another. More tenable is the belief that the trouble is caused by early extraction of milk teeth. When this happens the others move to fill the gap thus denying an easy passage to the permanent teeth which are programmed to fill spaces no longer available. Whatever the reason, the resulting impactions can lead to chronic or intermittent pain relieved only by surgical intervention.

And always we are attacked by caries which causes two types of pain—its own and that produced by the fear of visiting the dentist who seems to bore even larger holes before plugging them with concrete—a method improved only in technique during these 160 years.

Yet things to-day are much better than they were in the 18th Century. In a lengthy diatribe on "The Tooth-Ach" one physician of the day recommended elaborate measures. "In order to relieve the tooth-ach," he wrote, "we must first lessen the flux of humours to the part affected." For this *he suggests* "purgatives, scarifying the gums and applying leeches to them." Should these and other horrors fail to control inflammation, he advocates "a toasted fig to be held between the gum and the cheek." As if this was not bad enough, he claims that "few applications give such relief as the blistering plasters . . . applied to the shoulders but have the best effect behind the ears. . . ." But if all else fails, he advocates "burning the nerve (of the tooth) with a hot iron" which "gives ease," although he warns that "this operation ought to be performed with care." And how!

Apart from immediate problems, decaying teeth can produce general ill-health and aches and pains in far distant joints—the old "focal sepsis" which should never be despised. And one of the commonest causes of indigestion lies with bad chewing because of a lack of teeth or bad dentures and hence air-swallowing.



. . . one of the commonest causes of indigestion . . .

For those of us who cannot stand the dreadful drill, there is some hope—an article in the British Medical Journal tells of progress in experimental vaccines. Before one gets too excited, however, the idea of vaccines first arose 95 years ago and progress has been glacier-like. Still, some monkeys seem to be benefiting which is encouraging—for monkeys anyway.

DR. DAVID CARRICK

A calculator in every brief-case

BY ROY LEVINE

THE CALCULATOR boom is at its height, according to Mr. Barry Ofield, newly appointed managing director at Sumlock Anita, which manufactures Rockwell and Anita calculators in Britain both for the home market and for export.

He estimates that about 1½m. hand-held calculators have been sold in the U.K. in the last five months—three times the figure for the whole of 1974. This underlines the great strides that *have been made* in the consumer market, with significant shifts taking place from the richer to the lower income earners as prices of the machines have continued to fall

Christmas gift buying has become an important part of the new consumer market and this *year* could bring total sales for 1975 up to the 3m. mark.

But there is still some way to go before the market is saturated. In the U.S. it has been estimated that one in every four households has a calculator and that two out of every three owners use their machines more than 10 times each week; yet experts there reckon it will take another two years before the market is saturated. In Europe, it could take up to five years.

In the meantime, though, there could be *significant shifts* in the way that people buy. In the first place, it is likely that price falls will not be as rapid as in the immediate past, for two reasons — there is a limit to how production costs can fall in a technology that has seen prices for large scale integrated chips drop from over $30 to under $2 each; also, manufacturers of calculators have incurred heavy losses recently and may be reluctant to carry on the price war. Barry Ofield, for one, concurs with that view. "We no longer want to lead in price reductions and will be quite happy to let other firms offer lower priced products."

It is even possible that users will be prepared to pay more for calculators that have more features and are more reliable. The simple four-function machine is steadily losing appeal in the market and some experts even predict the demise of the pocket calculator within five years.

While that last prediction seems unlikely it certainly appears possible, to judge from previous trends in new consumer products, that users will start to upgrade their calculators and hence spend more money for more sophisticated machines. One guess for the growth sector of the future is the cheap end of the scientific calculator market.

But even that development may not be enough to prevent the actual value of the market from dropping, despite continued volume growth. Mr. Ofield predicts a straightening out of the volume sales curve next year, when he reckons between 2½ and 3m. hand-held calculators will be sold. In the U.K. the value of the total calculator market has not changed much and still stands at around £40m.

Precedents

The pace at which electronic hand-held calculators have been embraced by consumers during an economic recession has surprised most people and only has two precedents in recent history—washing machines and colour TV sets. The degree to which they have percolated down the market is indicated by the fact that the C1 and C2 consumer groups now account for over half total purchases, whereas as recently as last year buyers in the AB categories bought twice as many machines as they did.

One of the reasons for this, apart from the sharp fall in retail prices, has been the rapid development of retail outlets. Dixon's, for example, sells over 1m. calculators a year and Ryman's sells over 200,000 a year.

The dramatic rise in the market is highlighted in the trade figures. These show that imports of electronic calculating machines have risen tenfold from their level of 102,000 between 1971-74. Since the average price has dropped to a quarter of their £100 at the beginning of that period, the value of imports has risen only fourfold to £24m.

Exports, meanwhile, rose even faster with nearly 1m. units sold in 1974 for £12.5m. against only 17,000 in 1971.

After rapid growth, however, the fun may soon be over—at least according to Mackintosh Consultants who take a contrary view by concluding that "an optimistic view has been taken of the onset of saturation and the replacement position for hand-held units. There remains a possibility that the market may collapse to below 0.5m. units in 1976." To judge from previous glamour sectors of the consumer market that must rank as a serious challenge.

LABOUR NEWS

Engineering unions meet to decide pay strategy

BY ROY ROGERS, LABOUR CORRESPONDENT

LEADERS OF more than 1m. engineering and shipbuilding workers will decide, this week, whether or not to mount a challenge to the Government's pay policy in national wage negotiations due next year.

The executive of the Confederation of Shipbuilding and Engineering Unions meets in York on Thursday to decide both the size and timing of a "substantial" pay demand adopted at the confederation's annual conference this year.

Its view will almost certainly be coloured by the dominant Amalgamated Union of Engineering Workers, which has called a special meeting of its 52-man policy-making national committee for to-day.

With moderates enjoying a slight majority on the committee, the chances of a real challenge to the policy appear remote, even though the union is bound by a conference decision to "oppose any Government interference in wage bargaining."

Complicated

The moderates hope to ensure support for the Government's policy, which limits increases to £6 a week. If they succeed, to-day's meeting could decide to leave the union's national executive—right-wing dominated after recent elections—to press the "substantial demand" at the earliest possible date when pay policy allows.

For their part, militants will stress the union's opposition to interference in bargaining, underline the rising cost of living and seek support for the view that "substantial" means increases of £10 a week or more.

The situation is complicated by the industry's two-tier bargaining system and the fact that there is still one stage of the existing three-stage national agreement to come.

National negotiations set only minimum rates and conditions and mean only slight improvements for most engineers, who earn well over national minimum rates, thanks to local negotiations.

Under the Government's policy, any improvements from the national agreement since August 1—minimum rates rose by up to £4 a week last month and are due to rise a further £2 in February—must count against the £6 limit when local negotiations fall due.

Calls for council cuts 'gone beyond reason'

BY OUR LABOUR STAFF

THE NATIONAL and Local Government Officers' Association—the largest white collar union in the public sector—has warned the Government and ratepayers that it is against the public interest to cut local government spending and services.

Mr. Arthur Buckley, the union's president, said in Blackpool that many groups of ratepayers had "gone beyond the bounds of reasonableness" in their campaign for cuts. "They don't seem to care for the public good and for the needs of the hard-pressed in our society."

Even Mr. Harold Wilson, the Prime Minister, had "jumped on the popular bandwagon of the damaging campaign against local government. Key areas of local government were undermanned and most staff did not even earn the average male industrial wage.

Teachers in West Suffolk, are planning to take militant action such as banning lunchtime supervision duties, as a protest against a proposed £900,000 cut in the county education budget.

● Pensions of retired public servants were still "very small and at hardship level" in spite of inflation-proofing, the Public Service Pensioners' Council said. The average cost-of-living increase of £3.50 a week payable this month would bring a normal pension up to £17.50.

ICI rivals seek ballot on union support

By Our Labour Staff

A NEW STAGE has been reached in the inter-union struggle over bargaining rights for about 9,000 professional and managerial staff at ICI, the last big group in the company not to be represented by a union.

The main contenders — the Association of Scientific, Technical and Managerial Staffs and the Association of Professional Scientists and Technologists—have asked ICI for a ballot on union support.

APST said yesterday that a recent audit showed that just over a quarter of employees in professional and managerial grades wanted to be represented by the association. ASTMS plans to have its audit completed by the end of the month.

To obtain sole bargaining rights, a union has to win more than 50 per cent. support in the ballot.

Victory for ASTMS would consolidate further the union's position at ICI after its success last year in winning bargaining rights for the scientific and technical staff.

APST, which is not affiliated to the TUC, has been campaigning for membership by saying that, under the Employment Protection Act, the managers could find the decision on union representation taken out of their hands.

Post Office unions split on orders

By Our Labour Staff

CONFLICTING trade union views on Post Office orders for telecommunications equipment will be discussed at a meeting this week of Post Office unions and unions in the industry.

Unions represented in the manufacturing industry want the Post Office to be given more cash to increase its orders so as to avoid big redundancies in equipment manufacturing.

The Post Office Engineering Union, on the other hand, has said that the Post Office must not be made to order more equipment than it needs.

International Computers strike ends

By Our Labour Staff

A STRIKE and overtime ban by technicians at International Computers which has disrupted output has been called off from to-day by the Association of Scientific, Technical and Managerial Staff.

ASTMS said that the company had reversed a decision not to make a pay offer and that the suspension of five engineers, which was followed by a strike causing 1,000 workers to be laid off at the Letchworth and Stevenage factories, had been lifted.

Share deal commissions rise soon

By Margaret Reid

A DECISION to raise the rates of commission on stock and share deals from early in the New Year is now expected to be taken a week to-morrow at a full-scale meeting of the Stock Exchange Council.

A limited "package," raising stockbroking concerns' revenue by an average 6 to 6½ per cent. through a combination of restricted commission increases and trimming agents' receipts, may provide a compromise solution on this controversial issue.

Alternative possibilities, involving average additions to broking firms' revenue of from 3½ to 15¼ per cent. are likely to be considered, though.

The present intention is that the increases, when decided on, will not be announced immediately, as up to a month has to be allowed for them to be vetted by the Price Commission.

Brisker business

What does now appear certain is some rise in commission rates, in spite of criticism from a number of larger stockbroking firms, who regard this as unnecessary given this year's much brisker market business.

However, it is felt that the pressure on many firms of the past year's 26 per cent. cost rises makes some increase in commission rates imperative.

But, the rises adopted will certainly be far below the rate of increases in costs.

EXPORT GROUP'S NEW MEMBERS

The Association of Consulting Engineers, the Corporation of Insurance Brokers and Lloyd's Insurance Brokers' Association have joined the Committee on Invisible Exports.

They will be represented by Sir Ralph Freeman (chairman, The Association of Consulting Engineers), Mr. Francis Perkins (president, The Corporation of Insurance Brokers) and Mr. I. R. Binney (chairman, Lloyd's Insurance Brokers' Association).

LEGAL NOTICES

No. 003916 of 1975

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ASPEN SECURITIES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 28th day of November, 1975 presented to the said Court by EASTERNS PROPERTY INVESTMENTS LIMITED of 25 Grosvenor Street, London, W.1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 12th day of January, 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

TITMUS SAINER & WEBB,
2, Serjeants' Inn,
London, EC4Y 1LT.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of January, 1976.

THE COMPANIES ACTS, 1948 to 1967
RE: ARGENTINE SOUTHERN LAND COMPANY, LIMITED (hereinafter called "the transferor company")
Notice by GREAT WESTERN CORPORATION SOCIETE ANONYME (hereinafter called "the transferee company")
NOTICE TO NON-ASSENTING HOLDERS OF FRACTIONAL CERTIFICATES TO BEARER
(Pursuant to Section 209(1) of the Companies Act, 1948)

WHEREAS on the 12th day of June, 1975, the transferee company made an offer to acquire all the issued Stock Units of 25p each in the transferor company for a consideration of 60p in cash for each Stock Unit subject to the terms and conditions set out in the Offer; and

WHEREAS up to the 7th day of July, 1975 being a date within four months of the date of the making thereof such offer was approved by the holders of not less than nine-tenths in value of the said Stock Units (other than stock units already held at the date of the offer by or by a nominee for the transferee company or its subsidiary).

NOW THEREFORE the transferee company in pursuance of the provisions of Section 209 (1) of the Companies Act 1948 hereby gives notice that it desires to acquire all stock units in the transferor Company to which holders of fractional certificates to bearer may be entitled.

AND FURTHER TAKE NOTICE that unless upon an application made to the Court by a holder of any such fractional certificate on or before the 8th day of January, 1976 being one month from the date of this notice the Court thinks fit to order otherwise, the transferee company will be entitled and bound to acquire all such stock units on the terms of the above-mentioned offer approved by the approving stockholders in the said transferor company.

For and on behalf of
GREAT WESTERN CORPORATION SOCIETE ANONYME.
V. KNEIP, Director.

Dated this 8th day of December, 1975.
Any communications regarding this Notice should be addressed to: Baring Brothers & Co. Limited, Registration Department, Bourne House, 34 Beckenham Road, Beckenham, Kent. BR3 4UJ.

No. 003981 of 1975

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of JUST DIAL LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 2nd day of December, 1975, presented to the said Court by LONDON COMPUTER OPERATORS TRAINING LIMITED whose registered office is situate at 9-13, Oxford Street, London, W1R 1RF, a company engaged in computer-operating training, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 12th day of January, 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

MILNERS CURRY & GASKELL,
190, Fleet Street,
London, EC4A 2JX.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of January, 1976.

No. 003942 of 1975

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of GUARDIAN PROPERTIES (HOLDINGS) LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 28th day of November, 1975 presented to the said Court by BERNARD SUNLEY INVESTMENTS (CLIFTONVILLE) LIMITED of Berkeley Square House, Berkeley Square, London, W1X 6DY, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 12th day of January, 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

D. J. FREEMAN & CO.,
9, Cavendish Square,
London, W1M 9DD.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of January, 1976.

No. 003993 of 1975

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SIMPSON & NELSON COMPANY LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 3rd day of December 1975 presented to the said Court by IMPERIAL GROUP LIMITED whose registered office is at Imperial House, 1, Grosvenor Place, S.W.1, in the County of Greater London, Tobacco Manufacturers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 12th day of January 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

TROWER, STILL & KEELING,
5, New Square, Lincoln's Inn,
London, W.C.2.
Agents for C. R. JONES,
Bedminster, Bristol BS99 7JR.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of January 1976.

ART GALLERIES

ANTHROPOS GALLERY. Specialists in Ethnic Arts. 65-67, Monmouth Street, Upper St. Martin's Lane, W.C.2. 01-836 6182. Europe's finest collection of New Guinea, Papuan and Eskimo Art. A new exhibition. Mon.-Wed. 10-8. Thurs., Sat. 10-12 midnight. Sunday 1-7. New Exhibition of SHONO SCULPTURES.

ASH BARN. Christmas Exhibition of Paintings, Sculptures and Prints until Dec. 21. Weekdays 10-6. Sundays 2-6. Closed Mondays, Winchester Rd., Stroud, Petersfield, Hants. Tel. 0730 3662.

BEDFORD HOUSE GALLERY. BERNARD SINDALL SCULPTURE. 106, Kensington Church Street, W.8. 01-229 8156. Tue.-Sat. 10.00-1.00. 2.00-6.00.

REDFERN GALLERY. XX CENTURY GRAPHICS. December-January. 20, Cork Street, London, W.1.

ROYAL MINIATURE SOCIETY. Mall Art Galleries, The Mall, S.W.1. 80th Anniversary Exhibition. 10-5. Sats. 10-1. Until 16 Dec. Adm. 10p.

PERSONAL

GIVE A CYMA WATCH and show you really care.

COMPANY NOTICES

Ford

BEARER DEPOSITARY RECEIPTS

Following the DIVIDEND DECLARATION by the Company on 9 October 1975, NOTICE is now given that the following DISTRIBUTION will become payable to Authorised Depositaries on or after 12 December 1975 against presentation to the Depositary (as below) of Claim Forms (obtainable from the Depositary) listing Bearer Depositary Receipts.

Gross Distribution per Unit	3.00 cents
Less 15% U.S. Withholding Tax	0.45 cents
	2.55 cents per Unit
Converted at $2.0215	= 0.012614 per Unit

DEPOSITARY
National Westminster Bank Limited,
STOCK OFFICE SERVICES,
(2nd Floor)
41 LOTHBURY,
LONDON, EC2P 2BP.
4 December 1975.

DUNLOP HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 3½% First Mortgage Debenture Stock of the company will be closed from the 18th to 31st December, 1975, both dates inclusive.

D. C. RISSIK, Secretary.

Dunlop House,
Ryder Street, St. James's,
London, SW1Y 6PX,
8th December, 1975.

TRANSVAAL GOLD MINING ESTATES LIMITED
(Incorporated in the Republic of South Africa)

NOTICE OF MEETING

TENDERS FOR GREATER LONDON BILLS

COMPAGNIE FINANCIERE DE PARIS ET DES PAYS-BAS

NOTICE TO SHAREHOLDERS

The shareholders of COMPAGNIE FINANCIERE DE PARIS ET DES PAYS-BAS are hereby informed that the extraordinary General Meeting which was summoned on Friday, 28th November, 1975 was not held as the requisite quorum was not present. Accordingly shareholders are hereby summoned to the adjourned meeting to be held on Wednesday, 17th December 1975 at 15.00 hours at the Salle de l'Association Professionelle des Banques, 18 Rue La Fayette, Paris, 9 eme, in order to discuss and take decisions on the items of the Agenda as follows:

AGENDA

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. (01-836 3161.) ENGLISH NATIONAL OPERA. Tomor. & Sat. 7.30 The Merry Widow. Wed. 7.30 The Italian Girl in Algiers. Thur. 7.30 Salome. Fri. 7.30 La Belle Helene.

THEATRES

DRURY LANE THEATRE. 01 836 8108. Evenings 7.30. Mat. Wed. Sat. 2.30. BILLY A NEW MUSICAL "The brightest British musical for years." Sunday People.

CINEMAS

CINEMAS ARE CONTINUED ON PAGE 33

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Motor fuels go further

TRIPLE-E (U.K.), subsidiary of BOC, has launched a fuel additive for diesel oil, and is developing a similar product for petrol engines.

Trials run for the product in Europe indicate savings of about 3p per gallon at current diesel fuel prices.

A small quantity of D-2000 added to the diesel (one part to 2000) improves its combustion characteristics so that economies of 6 per cent. can be expected as normal, rising to 10 per cent. in certain cases. D-2000 also reduces smoke emission and internal fouling of the engine.

Early in 1973 Triple-E (U.K.) was set up to market a range of additives developed in America. It has grown since into the U.K.'s biggest single supplier of fuel oil additives. Its market covers all fuel oil users, who are known to be wary of "magic economy additives."

Triple-E is seeking to overcome this disbelief by conducting exhaustive analyses and operational trials before making an additive generally available. These trials are followed up by running monitored tests with customers' own equipment to determine the savings that can be achieved.

R-4000, an additive for industrial fuel oils, used with steam boiler fuels has shown typical savings of around £2,000 for firms consuming more than 200,000 gallons of fuel a year.

The additive for petrol engines has been produced and is now being tested. Preliminary results are "very encouraging," Dr. Martin Stacey, a company spokesman, has declared.

Triple-E (U.K.), 547 Chiswick High Road, London W4·5RG (01-995 4641).

● MACHINE TOOLS

Simplifies knee tool adjustment

TO SPEED and simplify the final adjustment of knee turning tools (avoiding the use of a hammer), the Universal Engineering Company (Netherton), New Street, Netherton, Huddersfield HD4 7EZ (0484 663017) has developed a micro-adjustment mechanism.

Standard square shank brazed or throw-away tipped tooling can be used, with a slight modification—a small slot is cut in the shank to engage the adjuster.

The micro-adjuster is graduated in 0.001 inch divisions. The adjustment range is ⅛ inch on small sized tools up to 2½ inches on the largest. The company says the inherent knee tool rigidity is maintained, and that metal removal rates are not reduced when using the adjuster. When the tool has been adjusted, a wedge clamp locks it in place, avoiding the indentations caused by conventional clamping screws.

A range of knee turning tools is available with shank diameters from ⅝ to 2 inches, compatible with most capstan and turret lathes. Metric sizes can be ordered. The tools are suitable for both manual and automatic machines, but the major advantage is in the automated field because of the faster settings and adjustments.

Three axes drilling and milling

THE GRIMSTON Series III bed-type numerically controlled drilling and milling machine can drill holes up to 1 inch diameter in steel and has a milling capacity of 3 cubic inches/min.

Both X and Y table axes and the spindle head Z axis are driven by high torque stepping motors through ballscrew assemblies. The spindle head is supported on a ribbed cast iron column, and a 2 hp motor drives the spindle. There are nine spindle speeds ranging from 90 to 1,400 rpm. The head is counter-balanced to minimise deflection, and up to 1 ton vertical thrust can be developed. If greater thrust is required a 3 hp motor can be fitted.

Table area is 36 x 12 inches, and maximum load is 400 lb. A point to point NC system is supplied, which may be modified with linear and circular interpolation, giving slope and arc capability. A choice of EIA, ASCII or ISO tape codes is available.

A joystick hand jog control, a 0-15 second dwell selector and an infinitely variable manual feed selector from 0-150 per cent. of tape selected feed rate, are fitted. Maximum feed rate for each axis is 118 inches/min., while positional accuracy is to within ±0.02 mm. for the vertical axis, and within ±0.01 mm. for contour.

British built, the machine is available from W. E. Norton (Machine Tools), West End Road, High Wycombe, Bucks., HP11 2PB (0494 26222).

● PLASTICS

Moulding a difficult material

A TECHNIQUE for injection moulding sealing face components, key components in water pump assemblies for vehicles, crop spraying equipment washing machines and other equipment, has been developed by Small Plastic Parts, of Telford New Town Shropshire.

The graphite loaded phenolic material is basically unstable as well as abrasive. Up to now the conventional method of manufacture has been compression moulding, which generally means that temperature and timing, for instance, depend on the operator.

The trick has been to devise techniques for moulding it automatically by injection moulding and to provide improved and more consistent quality. This has been done by finding the best material to withstand abrasion, by taking account of the amount of abrasiveness into the costing, and by developing techniques that reduce abrasion in use.

Small Plastic Parts, which has a modest factory at Stafford Park 15, Telford, at present supplies pump manufacturers, and is now beginning to deal with enquiries into extending the range of applications for the technique.

PETER CARTWRIGHT

● TRANSPORT

Compact electric truck

A THREE-WHEEL electric truck has been introduced by the Wantage Engineering Co., Wantage, Oxon, OX12 8D2 (Wantage 4161), as an addition to the company's Wrigley Union range.

Powered by a 1½ hp Norman electric motor, the truck has a carrying capacity of up to 1 ton, and a battery capacity of 9 hours. Top speed is 8 mph on the level, fully loaded. Carrying 1 ton, it can tackle gradients of 1 in 7.

It is a front wheel drive vehicle, with power transmitted from the motor by chain. Motor speed is controlled by a Cableform PCS thyristor controller—maximum speed 1,500 rpm, minimum speed 50 rpm.

The truck has a wheelbase of 70 inches and a turning circle of 180 inches. It is 102 inches long, 40 inches high and 40 inches wide. An adjustable Philmark battery charger is supplied.

● AUTOMATION

Putting the lid on it

AN AUTOMATIC lid dispenser for users of lever lid cans, has been introduced by Metal Box. Called the TD 1, it eliminates the need to hand feed lids after filling and before capping.

The dispenser is supplied with change parts to accommodate 500 ml, 1 litre, 2.5 litre and 5 litre cans. The lidder can be mounted over any continuous or indexing conveyor with a frame width up to 12 inches (300mm).

When used on continuous conveyors, cans do not have to be spaced but can be random fed to the unit at any given speed up to a maximum of 50 feet per minute.

For can and lid size changes no tools are required—all adjustments for both diameter and height are fixed and positive. The only adjustment left to the skill of the operator is the positioning of the lid release arms, which is dependant on the conveyor speed. Details from Metal Box, Queens House, Forbury Road, Reading RG1 3JH (0734 581177).

First public demonstration of the new machine will be at the OCCA Technical Exhibition at Alexandra Palace in March.

● HANDLING

Weigher for flowing materials

CEREAL Milling Division of Henry Simon, Stockport (a Simon Food Engineering company), has signed an agreement with Isca Electronics, Newport, Gwent, whereby Simon will market Iscaflo weighing systems to the flour milling industry.

The agreement covers the U.K. U.S.A., Canada, South America, Africa, the Middle East, Scandinavia, South-east Asia and Western Europe apart from Holland, Belgium and Luxembourg.

Iscaflo is a patented totalising weigher designed for continuously flowing powdered and granular solids and is particularly suited for use in the cereal milling industry. It is designed to improve on the accuracy obtained with volumetric methods by measuring the quantity and rate of flow of material by weight.

Digital techniques are used for accuracy, stability and to simplify control.

Two hoppers are used, each mounted as a single load-cell measuring device. Material flowing into the feed chute of the weigher is directed alternatively into each hopper by a pneumatically operated two-way valve.

When the material in one hopper has reached a pre-determined weight the material flow is diverted into the other hopper. The filled hopper is accurately weighed and the reading added electronically to the cumulative total. The material is discharged through a flap in the base of the hopper and the empty hopper tared off in preparation for the next cycle.

The weigher will accurately totalise irregular flows. Accuracy is better than plus or minus 0.5 per cent. over the whole range of material flow from zero to the full rated capacity of the weigher. Because the hoppers are tared off after each weighment, there is no loss of accuracy due to sticky materials adhering to the hoppers.

As an extension to the uses of this system, two, three or four weighers can be installed in a flour mill with one on the material feed and the others on the finished products. These can be electronically linked to give an accurate extraction rate with print-out if required.

Because of its compactness the system can be installed in existing plants. Supporting structures required are simple and the weigher can be mounted on the floor, on the rim of a bin, over a conveyor or, for vehicle loading applications, can be gantry-mounted over the loading bay.

Simon Engineering, PO Box 31, Stockport, Cheshire.

● DATA PROCESSING

Tells how data is transmitted

THE POST Office, which can reasonably be said to have a vested interest as well as a comprehensive knowledge of the subject, has produced a handbook on data communications.

Published for the P.O. by the National Computing Centre, the book is based on the former's internal educational courses on the subject and should be of value to systems analysts, programmers and engineers. It will also prove useful for management as well as newcomers to computing.

The early chapters cover the fundamentals of PTT telephone and telex systems—the bearers of practically all data for the foreseeable future—transmission and modulation systems, terminals, controls and error correction. The treatment used is not that of an engineering text book but more an attempt to describe in broad technical terms the ideas, systems and hardware of current practice.

Chapter 10 covers distributed intelligence, message and packet switching and is an excellent summary; the last two sections describe the available U.K. and international data communication services. The book contains 396 pages and costs £8.50. It is available from technical bookshops or Post Office, TMK4.3.1., Freepost, London EC2B 2TX.

● PRINTING

Fast optical mounter-proofer

THE MIRAGE-MATIC Type 313 is designed for high speed, fully automatic mounting and colour proofing of rubber and plastic stereos, for flexo, transfer or vapour phase printing. It is marketed by Molnar Machinery, 6, The Broadway, Woking, Surrey, GU21 5AR (04862 64646).

Operation and repeats are automatic. The cross bar, on which adjustable brackets are positioned, is fitted with a cylindrical ram and is linked and counter-balanced by pneumatic cylinders. This allows the cross bar to be lowered to floor level for the transfer of cylinders from trolleys, etc.

It is possible to fit two different gears on the impression cylinder, making possible the mounting/proofing of cylinders from different flexo machines.

Adjustment of the viewing mirrors is motor driven and automatic. All settings can be repeated for multi-colour proofing. Above the impression cylinder is an unwind unit for the paper or material taking the proof.

The impression cylinder has a circumference of 1,270 mm., enabling it to give two or more colour proofs if the plate cylinder has a diameter or repeat less than 600 mm.

The machine is available in three sizes for plate cylinders with face widths of 2,050, 2,500 and 3,200 mm.

Package deal

FOUR companies — Rockwell Packaging Machines, Sunds AB of Sweden, Ashton Containers and MacMillan Bloedel Containers—have teamed up to form The Pak-Master Consortium. This organisation will market in the U.K. the Pak-Master wraparound case-packing system which is based on machines manufactured by Sundpacma AB—a Sunds company.

The Consortium's aim is to provide equipment and materials that will achieve agreed performance standards.

The Pak-Master system automatically collates containers or other items and forms and seals a corrugated transit case around them, with or without dividers, at speeds of up to 25 cases per minute.

Simplifies transaction processing

SOFTWARE is offered by Zeus-Hermes which will enable ICL 2903 users to implement on-line transaction processing systems such as order entry or stock control without needing any "specialist systems" or programming or operations expertise.

The standard 2903 TP software offered by ICL, the enquiry terminal system (ETS) will, states Zeus-Hermes, handle only the basic input and output of transaction messages from visual display terminals. The user has to program most of the standard TP functions for himself. The time, cost and specialist knowledge needed has, says the company, limited the growth of more complex transaction processing systems on the 2903 although the machine has the potential power of middle range computer systems.

An example of the use of the package, called CORTEZ, is the creation of formats to be displayed on the terminal screens when transactions are being processed. The user can easily define the format on the terminal and it is then stored for subsequent use; any later format change has little or no effect on applications routines. Written in Cobol, it will be compatible with future ICL developments. More on 01-323 0637.

● LIGHTING

Brighter long lasting lamps

TWO FLOODLIGHTS, a 250W linear high pressure sodium lamp offering energy saving, and a longer lasting tungsten halogen lamp, have been introduced by Thorn Lighting, Upper St. Martin's Lane, London WC2H 9ED (01-836 2444).

With the addition of control gear, but using the existing lamp holder and fitting, the 250W sodium lamp called Sonline can be used to replace a 1000W tungsten halogen lamp. The latter produces 21,000 lumens, while the Sonline produces 22,500 lumens, saves 71 per cent. electricity and has three times the life (6,000 hours).

The Sunspot is a mains voltage tungsten halogen floodlight stated to be the first 2,000 hour life single-ended lamp of its type. Available in 300 or 500W ratings, it can be mounted in either concentrated or wide beam fittings. The fittings are compact, partly because of the small lamp size and partly because of a bimetallic strip heat sink (stated to be unique) which closes on the lamp as it gets hot and removes the excess heat.

● SAFETY

Monitors mercury

BOTH THE amalgamating properties of mercury and its toxicity in vapour form can make it a danger in industrial environments. Regulations in the U.K. therefore lay down a threshold limit value for the vapour.

An instrument introduced by Shandon Southern Instruments of Camberley, Surrey (0276 63401) can easily be used by non-technical staff and is sensitive down to 0.01 mg. per cubic metre.

The MV2 unit weighs only 2.7 kg. (6 lb.) and measures 289 x 120 x 111 mm. (11⅜ x 4¾ x 4⅜ in.). It has a retractable 305 mm. probe for checking in places with difficult access. There are two scales, one for low levels for toxicity and contamination and the other for higher levels, useful in locating mercury vapour sources.

CONTRACTS AND TENDERS

CLASSIFIED ADVERTISING RATES

	Per single column centimetre
Appointments	£9.00
Industrial and Business Property	£9.00
Residential Property	£9.00
Business Opportunities	£11.00
Educational	£9.00
Motors	£9.00
Hotels and Travel	£9.00

The minimum depth of display advertisements and of boxed classified advertisements is: Three single column centimetres.

Larger advertisements are only accepted in multiples of whole centimetres.

Premium positions available — rates on request. Write to Classified Advertisement Department, Financial Times, 10, Cannon Street, EC4P 4BY.

EDUCATIONAL

HOTELS

TRAVEL

HOLIDAY ACCOMMODATION

Building and Civil Engineering

Big sugar project

VITH AN ideal climate for ropical crops but major probems in water supply, the Sudan s turning more and more to iezira-type irrigation projects to nake the most of its fertile soil.

One of the most recent proects to be approved by the Government is for the setting up entre in the Kenana region and the major contractor for the supporting irrigation works is the British organisation Sir Alfred McAlpine.

Difficult to value exactly, the contract is put at $40m., or just under £20m.

It should be underlined that this is only the first stage of a vast plan, which requires the construction of 19 kms. of irrigation canals with their earthworks, pumping stations, roads and ancillary works.

Lonrho is managing the project on behalf of Kenana Sugar Company, the client. Howard Humphreys and Sons, Reading, is the engineer for the whole scheme.

Reservoir in Wales

LEESON Civil Engineering as won the huge Marchlyn eservoir contract in Caerurfon, North Wales, at the inorwic pumped storage heme. The Central Electricity enerating Board has awarded ie contract, valued at approxiately £8.9m. Work has started ith completion due in October, 979.

Under way is the construction a haul road from the quarry-tip area to the dam site, a length of approximately 2 km. Pumping out of the water in the existing lake comes next.

The permanent works include excavation of 540,000 cubic metres of material for the toe trench to the dam and its placing in various parts of the works, plus the construction of a reinforced concrete toe gallery from which the curtain grouting and blanket grouting is carried out.

The dam embankment will be of quarried rock and rock waste material, its volume being 1,700,000 cubic metres. The upstream face of the dam will be covered with an asphaltic concrete membrane 59,000 square metres in area and 140 mm. thick.

Minor access roads are to be constructed together with works in connection with the spillway bellmouth and overflow tunnels. Instrumentation to measure settlement, movement, etc., will be built into the dam embankment during construction.

Intake headworks will require the construction in reinforced concrete of retaining walls and a culvert leading to the intake tunnel, and will include the provision and erection of concrete and metal screens.

£4½m. homes contracts

BRYANT and Son, Birmingm, has received two housing ntracts totalling more than 5m. from Telford Development rporation. The first is a £2.8m. der to build 301 dwellings at ndlay—the first public housing the Corporation's latest estate. yant has also won a £1.6m. ntract for another phase of the dinsice rented housing area volving 174 dwellings.

New homes in Belfast

VO HOUSING contracts in lfast, valued together at 6m., have been awarded to hn Laing Construction by the rthern Ireland Housing ecutive. They bring Laing's ume of housing work in the y to nearly £9m., or more than 00 homes.

Laing is building in the ankill, Ardoyne and Glencairn as of the city, replacing rows Victorian houses.

The two latest contracts, sited either side of the Shankill ad, are two-storey houses and ts with central heating from a trict system. The buildings ll be either of traditional ck cavity wall construction, or ing's rapid Easiform concrete ity wall method of construcn with rendering of white nestone chippings. Work has rted on both contracts.

£3.4m. jobs for Jarvis

THREE-storey store for Boots Chemists built in a pedesn precinct in Portsmouth is of the larger of nine contts totalling over £3.4m. rded to J. Jarvis.

Another contract is for a rts centre for the Civil Ser Sports Council at Litherd, Liverpool, while in the north-east a distribution depot for frozen products for Alpine Refrigerated Deliveries at Hebburn, Co. Durham is to be constructed and a bus station at Durham rebuilt for United Automobile Services.

In the London area, Jarvis is installing air-conditioning and new lighting in the Temple Court, Queen Victoria Street, headquarters of Legal and General. At Charing Cross Hospital in Fulham Palace Road, London, an animal block for medical research is being built.

At Barnes in South-West London, a school for 125 Swedish children is being built for the Swedish School Board.

For Johnson Matthey Chemicals, Jarvis is building an effluent treatment works at Brimsdown, Middlesex and for the David Lewis Group it is modernising houses in Gloucester Place, London W1, to provide residential and office accommodation.

Roofing and cladding

BRIGGS Amasco (Tarmac Group) has won one of its largest contracts yet—roofing and cladding worth £600,000 on a plant extension for the Caterpillar Company at Desford, near Leicester.

The 40,000 sq. metres roof will have glass fibre slab insulation, three layers of bituminous felt and a limestone chipping surface. On the walls 15,000 sq. metres of Colorclad steel cladding will be used with glass fibre insulation.

The contract was awarded by John Laing Construction.

Mixed bag of work

MARSHALL Construction Group, Elland, West Yorks., has obtained contracts totalling more than £5m.

The Group's Scottish subsidiary, Marshall and Rushworth, Edinburgh, has received £¼m. orders, including a school and two factories. £1.2m. has been awarded to Marshall's North East office at Billingham, ranging from a new barracks at Catterick Camp to a supermarket and shopping development at Sunderland. The East Midlands office has obtained contracts for industrial work, including a laboratory and X-ray testing unit at East Midlands Airport. Over £3.6m. of contracts in Yorkshire include a factory and office block at Halifax valued at over £900,000, which is due for completion in a 28-week construction period, and a £570,000 computer centre at Mixenden.

Sales of materials increase

BUILDERS' merchants sales of building materials in the U.K., required for new construction, improvements, repairs, maintenance and other building activities, was 2.9 per cent. up in October compared to the corresponding month in October, 1974. For the twelve month period ending October 31, 1975, the figures showed a 7.5 per cent. fall in activity compared to the twelve months ending October 31, 1974.

These figures have just been published by the National Federation of Builders' and Plumbers' Merchants, representing 95 per cent. of builders' merchants in the U.K.

All regions, with the exception of the Midlands, recorded increases in their level of activity for the month. The largest recorded increase for October was the North East which showed a 5.6 per cent. increase compared to October, 1974. This compares to the Midlands which recorded a drop in activity of 0.6 per cent. compared to the equivalent month in 1974.

For the twelve month period ending October 31, 1975, compared with the twelve month period ending October, 1974, all regions recorded decreases in the sales of building materials.

Cable tunnel contract

MOWLEM has begun work on the south tunnel contract for the Post Office Edinburgh cable tunnel network. The contract is valued at over £1m.

Two 3.66 metre diameter shafts, one cast-iron and one in situ concrete lined, and about 920 metres of 2.21 metre diameter tunnel with segmental concrete lining are to be constructed.

Sub-contractor for surface chambers and ductways is Jacksons (Edinburgh) and for steelwork Mark Rainer, Walsall. The whole works are under the supervision of Sir William Halcrow and Partners.

£1m. orders to Norwest Holst

THREE contracts, together worth over £1m., have been awarded to Norwest Holst Construction.

The Property Services Agency has given the company an order for a vehicle hangar and petrol filling point at Chertsey, Surrey, while the Southern Water Authority has placed an order for a 2.5m. gallon reservoir at Westfield and the Folkestone and District Water Company an order for a 1m. gallon reservoir at Downsgate.

Insulation services

HOTFOIL has a new division which specialises in the thermal insulation and protective cladding of pipes, ductwork and storage tanks for both industrial and commercial projects.

Hotfoil will field teams of engineers specially trained to insulate process plant and pipelines carrying fuel oil and other viscous materials which must be maintained at elevated temperatures under all weather conditions.

They also will design and create special insulation specifications to suit individual thermal loss problems.

Hotfoil is at Wombourne 2541.

Computers to serve designers

ARCHITECTS, civil engineers and builders will be interested in CAD 76 for which a multinational assembly of speakers and exhibitors has been arranged. The second International Conference and Exhibition on Computers in Engineering and Building Design, it is to be held at London's Imperial College on March 23-25, 1976.

Papers will be given by experts from Australia, Canada, Denmark, Finland, Germany, Holland, Italy, Norway and the United States as well as from Britain. Subjects covered will include all aspects of the application and development of the computer as a design tool in manufacturing engineering, building design, civil engineering and plant and process design.

Some space is still available in the exhibition, where delegates will be able to see a variety of international companies' displays and demonstrations of the latest in computer graphics equipment and other peripherals.

Among the 20 major firms which have already reserved space are Babcock and Wilcox, Hewlett-Packard, B. Hepworth, Tektronix U.K., Taskmaster Computing Systems and Building Computer Services.

CAD 76 is organised by Computer Aided Design and sponsored by Computer Weekly.

Full details can be obtained from IPC Science and Technology Press, 32, High Street, Guildford, Surrey GU1 3EW.

£½m. award to Corrall

CORRALL CONSTRUCTION, part of the Powell Duffryn Group, has been awarded contracts worth almost £500,000 by the Greater London Council and the London Borough of Islington.

Over 60 dwellings in Sutton, Islington and Bromley will be modernised. Work involves the addition of bathroom units, modernisation of kitchens and installation of gas central heating in 22 houses. Other houses are to be converted to form 44 maisonettes and flats.

Makes holes with little disruption

AS PART of the continuing expansion of switching capacity at the Post Office's London Main Switching Centre at Blackfriars, opened at the end of 1973, a series of 32 stitch-drilled cut-outs in floors and walls was undertaken by Ground Engineering of Boreham Wood, using a new Craelius 30/70 Pixie concrete drill.

The 30/70 Pixie, due to its compactness and quietness, meant less disruption to the normal work of the 1,000 staff of engineers and operators. About 1,500 holes were drilled through the 15-inch thick reinforced concrete floors at two positions on eight levels, and in adjoining eight-inch-thick walls, to permit the introduction of additional cable risers to the switchrooms and exchanges.

Ground Engineering took an average of 25 hours to drill the 60 holes needed to cut out each 36 kilofloor slab, and achieved, with the Craelius Diaborit 76 mm. diamond impregnated bits, an average bit life of 12 metres but occasionally reaching 15 metres.

Colombo House when completed will contain two trunk exchanges, two modern local exchanges and two large switchrooms costing over £20 million. Total capacity of the equipment will eventually reach 16,000 simultaneous trunk calls, and when fully equipped will handle about 20 per cent. of Inner London STD calls.

Atlas, Long March, Daventry, Northants NN11 4DX (03272 3431).

From Tehran to Karachi

BY THE END of this year, around £10m. worth of road-building plant will have been taken to site by Marples Ridgway to support the construction of the £50m. Tehran to Pakistan border highway.

The contract requires the company to provide all the construction equipment and most of the skilled labour—which means something like 100 senior staff from the U.K.

Because of this, the company has been involved and still is involved in a major land transportation programme under which every weekend a large road convoy is taken over to France from Dover to start the 4,500-mile trek to Iran.

Work on the 300m. highway starts in the near future and will demand huge numbers of manual workers. The labour force at peak will total 1,500, most of whom will be drawn from Pakistan and India and the contract period is put at 2¼ years.

The highway is no ordinary project. It will require the contractor to excavate 4¼m. cubic metres of spoil, lay 7¼m. cubic metres of surfacing and 800,000 tons of asphalt.

Additionally there will be 740 culverts to build, 385 bridges of single span, 57 multi-span bridges, 310 metres of tunnel and 3 kilometres of retaining wall.

Some small idea of what the effort involved means is given by the fact that the asphalting alone requires two 150 ton per hour plants to work continuously, 24 hours a day, for 1½ years.

Two companies in the Bath and Portland Group are involved in this major project. They are Kingston Minerals and Pencrete. The former is supplying black top and asphalt and is entrusted with the quarrying problems. Pencrete has to deal with the production of concrete, which means that it has to see to the establishment of three large batching plants serving 25 truck-mixers on a continuous basis.

This is a major job, and no easy one, since it requires the solution of difficult logistics and terrain problems. But industrialisation of Middle Eastern countries demands that companies such as Marples and its peers in the British construction industry tackle and solve the questions of finance, supply, site operations, training and maintenance, as a matter of course.

Looking for minerals in the Yemen

A SEARCH for minerals in the Maabir-Chabar area of the Yemen is to be made by Hunting Geology and Geophysics. The contract has been awarded by the Board of Petroleum and Minerals of the People's Democratic Republic of Yemen and is financed by the United Arab Emirates.

The first year's work, valued at about £725,000 involves the assessment of copper deposits, the investigation of beach sands for heavy minerals, and exploration for base and precious metals as well as iron, manganese, rare earths and lignite.

A team of 14 specialists from the company will set up a base at Mukalla from which the field surveys will be carried out over a 1,300 square kilometre area.

Keeping on top of the tile market

ROOF TILES may not arouse great emotion, but they help keep the elements at bay and are an essential part of any building.

For to-day's buildings, tiles have not only to be practical but also aesthetically pleasing and Marley, ever conscious of its role in a competitive market, is making great efforts to maintain its leading position.

Marley's latest move has been to produce a comprehensive manual for architects, building designers, surveyors and roofing contractors so that the latter may have the least difficulty in specifying tiling systems for particular types of job.

The manual is in eight sections, starting with illustrations of different types of buildings where the company's roof tiles have been used. Types of tile, colours, national availability and factory locations are given in the following sections while subsequent sections cover individual tiles and their fittings, methods of tiling, fixing and thermal insulation.

Copies of the manual are available from Marley Tile Co., Riverhead, Sevenoaks, Kent. (Sevenoaks 55255).

Big cranes ordered

AS MAIN contractor for the £46m. development at Devonport Naval Base, Kier has awarded Babcock-Richier a £330,000 contract for the supply and erection of four tower cranes.

Each of the two dry docks will be constructed with the aid of the two cranes fitted with 50-metre jibs and with free-standing heights of 62 metres and 68 metres under hook.

When completed, the two dry docks will be used primarily for the refitting of submarines.

Gobbles up the work

GOODMAN Price, one of the oldest demolition contractors in the business, has formed a joint company with a similar group in Wessel, West Germany—Landers Maschinenfabrik a subsidiary of which manufactures a heavily armoured demolition grab.

The first project involving the use of the equipment is Seal House Upper Thames Street, London E.C.4 where two 30-ton lorry mounted cranes, each rigged with 90 feet booms and equipped with Landers grabs are being used.

Use of the grabs says Goodman Price means that the Seal House job will take three weeks instead of ten.

Storage and distribution

TO DEVOTE over 300 fully illustrated pages, with photographs, diagrams and plans, to the subject of industrial storage and distribution would seem to be excessive. But the subject is vast and complicated and the authors, Peter Falconer and Jolyon Drury, both architects, have devoted years, in practice and theory, to an examination of the whole field of the storage and handling of goods both in terms of building and planning.

The book is aimed at both managers and architects. Each section begins with a technical study describing the role of that particular form of storage in the context of its distributive needs. This is followed by a description of operations and the reasons for them, the influence of external and internal factors and the choice of the storage method and the machinery to implement it.

In his preface, Mr. George T. Heery, architect, of Atlanta, U.S., writes: "This book . . . is directly applicable for industrial facility managers and architects in the U.S., the Netherlands, the Middle East, the British Isles and virtually all industrialised and developing countries."

Such an international application is well supported by the contents. It is pointed out in the foreword that while storage buildings are normally designed to outlast a "pay back" period of 25 years, with maximum efficiency at the halfway stage, it can now be predicted that a storage and handling system can change three or more times. But the former idea that storage buildings in these circumstances should be designed for demolition when change overtakes them has now been superseded as greater competition with smaller profit margins means that the manufacturing and distributive industry can no longer afford to shut down or reduce trading while alterations and rebuildings are carried out.

The foreword to this book provides a remarkable and illuminating insight into the problems of the package and handling world. It is the practical aspects of planning for storage and handling at the distributive end and the subsequent adaptability to external and foreign circumstances which are so economically significant.

The technology of unit loading has made considerable advances, but it will be some time before pallets, freight containers and demountable body units become universally compatible. As far as the European rail network is concerned, the variations in the size of tunnels and in the types of handling equipment mean that nearly similar container designs are not interchangeable.

Broad trends can, however, be taken into account in planning for and discussion with the client. Environmental pressures are discouraging heavy transport incursions into towns in favour of container based "distribution villages" on the periphery, with the bugbear of night noise having to be taken into consideration.

Making the right choice of design, location and mechanisation depends upon both client and designer having access to all relevant information and it is in this book that almost everything relative can be found for this important area of industrial building and planning.

Industrial Storage and Distribution by Peter Falconer and Jolyon Drury. Architectural Press £20. H. A. N. BROCKMAN

IN BRIEF

● Mears Construction have been awarded a contract for the extension of coast protection works at Llanelli, South Wales. Awarded by Llanelli Borough Council it calls for the construction of 13 groynes and the provision of 3,600 tonnes of stone filling.

● A £300,000 housing scheme at Whinmoor on the north eastern boundary of Leeds is to be undertaken by Mowlem. Leeds City Council has also awarded Mowlem Northern a £110,000 contract to complete a partly erected swimming pool at The Ings on the southern bank of the River Wharfe at Wetherby.

● The Royal Adriaan Volker Group of Rotterdam has ordered a cutter suction dredger from IHC Holland to be named Sliedrecht 33. It will be capable of dredging to a maximum depth of 22 metres.

● Biwater Treatment Company of Dorking, Surrey, has signed a £400,000 contract for the supply and installation of chemical treatment plant including flocculation and sedimentation tanks, and a battery of six rapid gravity filters with associated instrumentation to the Republic of Kenya.

● Luton regional office of George Wimpey and Co. has a contract to build new civic offices for Hertsmere District Council at Borehamwood, Herts.

Situated in Elstree Way they will provide a part four and part five-storey building which will be a reinforced concrete frame with brick cladding. Overall size of the building is about 65 metres by 25 metres and the value is about £1.3m.

● Gilbert Ash Scotland, a Bovis Group company, is to build a £470,000 office block at East Kilbride for Atholl Investments (Scotland).

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MONDAY, DECEMBER 8, 1975

Second-best in Ulster

THERE IS no panacea for Northern Ireland. Every choice that the British Government faces in its dealings with the Irish is in some ways a bad one. Yet even when this is granted it does not excuse the *obvious ineffectiveness* of the Government's present set of policies. Clearly something more has to be done: if there is no best way ahead then there is, or should be, a least bad way. It is this that the Government needs to find; the Opposition, which is not of one mind on the matter, would best serve the country if it either continued with the bipartisan approach or made constructive suggestions that acknowledged the costs (for in Ireland there are always costs) as well as the possible advantages of any particular change of course.

Terrorism

The difficulties become clear when the various options are run through. As terrorism in mainland Britain has increased, the cry "bring back hanging" has become more popular. The possible value of capital punishment is that it might satisfy a public demand for revenge while conceivably acting as a deterrent. Individual MPs will make up *their own minds* on whether or not they wish to vote for the first, while the arguments for and against the second tend to be emotionally based. So far, nobody has come up with a convincing set of facts that could prove that the death sentence would be a deterrent, while the evidence that it might create martyrs is strong.

Again, the Secretary of State for Northern Ireland, Mr. Merlyn Rees, has taken a calculated gamble by releasing all detainees; the Government hope must be that this will induce more people to come forward and denounce terrorists as criminals. But the risk remains that the released men will simply swell the ranks of those engaged in violence. There is a call for tougher action by the security forces to offset the effect of the release of the detainees, but this too carries risks, since the wrong kind of action can create new allies for the men of violence.

Stronger action

The same kind of difficulty is found by the Government whichever way it turns: even the apparently easy way out—withdrawal from Northern Ireland—is seen to be not quite so *simple when* the possible effect on community relations in places such as Liverpool and Glasgow is thought through.

In such grim circumstances the changes that might do least harm are in detailed areas of policy. In Britain the public demand for stronger action by the police is growing. This must mean more manpower, and possibly a further strengthening of the security forces' hand by means of *change in* the emergency laws. The cost would be an increase in the powers of the police of a kind that in any other situation should be strongly resisted.

In Northern Ireland there may be a case for tougher action by the Army in South Armagh, since it is fairly widely acknowledged that this is an area in which the terrorists are doing their worst. In all parts of the province the cost of such a policy might be a return to passive support of the IRA by many Catholics; if the action was confined to South Armagh the cost might be kept to a minimum.

Security will never be properly enforced unless there is full co-operation between the police and armies of the U.K. and the Republic of Ireland. The Dublin Government, fresh from its recent by-election victory and assisted by the popularity of Dr. Herrema, has never been in a better position to crack down on the terrorists within its own borders. The British Government seems to have been singularly unsuccessful in winning the greatest possible measure of co-operation from Dublin at this apparently advantageous time. This is a failure that it should explain.

Diplomacy before Christmas

STARTING WITH the Nato meetings in Brussels this week, the pre-Christmas period promises to be an unusually active one in international diplomacy. A number of East-West problems could at least be clarified: there is the possibility of progress (though also of setbacks) in some of the disputes within the Western Alliance; and at the Conference on International Economic Co-operation (CIEC), which opens in Paris on December 16, a formal start should be made to the North-South dialogue.

Detente

The Nato meetings could produce the breakthrough in establishing closer co-operation between France and the other European members and, subsequently, between Europe and North America. This would not be in the sense of a French return to the Alliance's military organisation, but in the no less important area of collaboration in arms procurement and production. Although it would inevitably be a long-term venture, such a development ought to result in greater military efficiency at lower cost—an end desirable at the best of times, but even more so when members are facing domestic pressures to cut defence spending, and with benefits going beyond the purely defence field.

The meetings will also provide an opportunity for discussions of internal problems: for example, Cyprus, the Anglo-Icelandic fisheries dispute, and Portugal. For the Turks, Nato is now a more acceptable forum for Cyprus talks than the UN, where they recently found themselves in a minority of one: if there is to be progress, it is more likely to be arranged in the Nato corridors than through the UN-sponsored, and now dormant, Vienna negotiations. The presence of the Icelandic Foreign Minister, flanked by Scandinavian Nato colleagues, ought too to lead to a renewed attempt to settle the "cod war." The British policy of seeking to catch more fish than would be permitted under an agreement is not working, and offers of mediation ought now to be accepted. As for Portugal, it should be at least useful to hear the latest views of the Portuguese Government.

On the wider issue of detente, the Alliance is beginning to face some critical choices. There has as yet been no breakthrough in the strategic arms limitations talks (SALT) and time is running out. The negotiations on mutual force reductions (MFR) in Central Europe are still stalemated after two years. The Soviet Union, while recently revealing one of its worst-ever harvests, is continuing its arms build-up in Angola, despite American warnings. It is likely that Dr. Kissinger will say that he will have another shot at talking directly with the Russians before the year is out, and right that he should do so. But there is no point in the Alliance pretending that the prospects for detente are any longer particularly good. The Nato meetings might usefully draw attention to this fact.

Divided

Ministers will also no doubt look at the prospects for the North-South dialogue. This has nothing directly to do with Nato, though the bulk of the industrialised countries represented will be Nato members. One of the CIEC's main characteristics indeed is the way the developing countries have turned to the industrial democracies, and not to China and the Soviet Union, in their search for the new economic order. It would be helpful therefore if, on the eve of the conference, the Nato participants could resolve to go into the negotiations not totally divided. The prospect of the Europeans frequently quarrelling with the Americans is one which will delight only those who wish the conference to fail.

A Continental connection for U.K. motor components

BY TERRY DODSWORTH

THE BID by GKN for the Sachs Group of West Germany is the clearest evidence yet that the U.K. motor components industry sees greater growth opportunities across the Channel than at home. For more than a decade this view of the future development of the European motor industry has been gathering force in the component companies, which have had to respond to the sluggish growth of U.K. vehicle production by diversifying on the one hand, and expanding component exports and overseas investment on the other.

What GKN is now doing underlines the shift away from *Britain: in one move*, the bid—agreed "in principle" for more than 50 per cent. of Sachs—should give the Birmingham-based company a potential turnover by 1976 in West Germany higher than the £240m. it generated from its U.K. motor component interests last year.

The significance of this development, in the midst of the Chrysler crisis, does not need emphasising. GKN has now firmly committed itself to a European approach to the components industry, and although the company insists that investment in Britain will not be affected by the Sachs deal *(to be financed offshore)*, it will clearly have to rank its U.K. and German interests 'pretty equally in future. Moreover, the German operation could well begin to overshadow the British business in years to come, since Germany has the largest car manufacturing industry in Europe, with much better prospects of growth than its British counterpart.

Expanding exports

The question now is how far *the rest of the British components* industry will be tempted to follow GKN. Most of the large and middle ranking U.K. companies have some investment in Europe to-day, but equally, most of them have also been expanding their exports to the Continent. This year, one of the toughest the European motor industry has faced in recent times, has been indicative of this. Component exports have risen in value terms by 35 per cent. (to £946m. in the first 10 months).

At the same time many of the Continental vehicle manufacturers are looking to Britain for an increasing supply of their components. One influence behind this trend is the developing system of dual sourcing—employing more than one supplier to beat shortages caused by industrial disputes or other problems. Another is the pressure on vehicle manufacturers to shift some of the rapidly increasing burden of development costs onto a supplier, who may be able to spread the costs over longer production runs serving more than one manufacturer. Fiat, Volkswagen and Citroen (which has just appointed a British buyer, Wraxhall Holdings, to supply some £24m. worth of components a year) are among the manufacturers intending to step up supplies from the U.K.

Despite these buoyant exports, however, there are strong pressures to invest on the Continent. Transport costs, the convenience factor (manufacturers need continuous discussions on new products), and the distinct preference given to home-made products in some markets, are all obvious stimuli, *but linking them all together is* the pursuit of growth. In the last decade the German, French, and Italian car industries have shown much more vitality than that of the British. Hence the *component manufacturers* have been forced to look closely at ways of developing their interests in these markets. What they have tended to find is that there are considerable takeover opportunities available.

The vulnerability of the Continental components industry is a factor of size. The British motor industry structure has tended to foster larger concerns than in the rest of the EEC, because the vehicle manufacturers have made less of the final product in-house: whereas at Vauxhall, for example, some 85 per cent. of the final product is accounted for by bought-out components, at Fiat it is only about 50 per cent. The big manufacturers on the Continent are therefore surrounded by clusters of smallish component concerns, often in the hands of one family, which are amenable to takeover.

Expansion by British companies across the Channel began in earnest during the early 1960s. Since then, the following *pattern has emerged.*

● GKN, claimed to be the largest engineering component maker in Europe, has taken a 60 per cent. stake in Uni-Cardan, another West German company which makes universal joints and propellor shafts. The Uni-Cardan deal dates from 1967, and since then GKN has also gone into France, Italy and Sweden. If the Sachs deal is successful it will add interests in clutches (Sachs is the largest clutch maker in Germany), and shock absorbers.

● Lucas, second in size only to Bosch of West Germany in automotive electrics and electronics, has taken strategic stakes in companies in France (Ducellier, and Roto-Diesel), Italy's (Carello), and Spain, while the group's brake manufacturing subsidiary, Girling, has subsidiaries in France and Germany.

● Associated Engineering, which makes a variety of engine components, and is possibly Europe's biggest piston manufacturer, is now in France, Italy and Germany.

● Wilmot Breeden, manufacturing a variety of door mechanisms—handles, window-winders and so on—is well established in France.

● Armstrong Patents, which makes shock absorbers, has just established a plant in France.

GKN and Lucas dominate the field among the British manufacturers. GKN, for example, has sales of approximately £80m. on the Continent at present (out of a total automotive turnover *of £335m.*, of which £240m. is in Britain) and is now negotiating its final stake in Sachs, which has a turnover of about £200m. Its interest in the German company will be "well over 50 per cent." (and possibly 75 per cent.), so clearly GKN is well set to be turning over more than £200m. on the Continent in a year's time.

Lucas has more than 25 per cent. (£115m.) of its £445m. automotive group turnover concentrated in Continental Europe. By contrast only Bosch, Lucas's main rival in electrical equipment, and the pioneer of electronic fuel injection systems, has become a truly pan-European force among the Continental manufacturers. Within the last few years Bosch has bought 30 per cent. of Marchal, a French group, and *expanded in Belgium*, Sweden and Spain, taking its world-wide automotive turnover to about £750m. a year. Among smaller Continental manufacturers that have gone outside their native boundaries is Ferodo, French manufacturer of brakes, clutches and electrical components, which has recently invested in Italy.

In terms of size, however, some of the largest groups in the European components industry to-day are American-owned. In the early 1960s, when the U.S. car and truck market was becoming saturated, they selected Europe as a growth area, with the U.K. a prime target as a manufacturing base. The expansion came in two separate thrusts, one aimed at the commercial vehicle sector, and the other at the car industry.

In the U.K., the most visible effect of this policy has been in the commercial vehicle industry, in which the British manufacturers are the acknowledged leaders in Europe. Part of the attraction, possibly apart from the size of the U.K. industry, was the presence of the U.S.-controlled truck manufacturers—Ford, Bedford and Chrsyler—which have since been joined by Seddon Atkinson, bought by International Harvester last year. At any rate, two of the first investments, both in the late 1950s, were in the engine sector, with Cummins, the heavy diesel engine manufacturer establishing a subsidiary in Britain, and Perkins, the British manufacturer of light and medium weight engines, being taken over by Massey-Ferguson.

Inevitably, U.S. expansion in engine production has been accompanied by investments in other components, bringing in companies like Rockwell (axles), Eaton (axles and transmissions), and Dana (transmissions) which all have a bias towards the production of units for heavier vehicles. This is where the American strength lies, and at the same time there have been increasing openings in Europe as lorries this side of the Atlantic became larger *on* the U.S. pattern. In turn, the general development of the whole European truck and bus industry has encouraged these *manufacturers to invest on the* Continent as well as in the U.K.

Eaton, for example, has expanded into France and Italy, and now has a total European turnover of about £75m., which puts it on a par with the medium-sized European automotive components producers. Dana, which has an interest in transmission manufacturing in the U.K. through its stake in Turner Manufacturing, has also invested in France.

In addition, American concerns have been active in other specialised areas like tyres (Goodyear) and automatic transmissions (Borg-Warner), but, more significant than these separate ventures has been the second thrust of investment aimed at car component manufacturing. Three sizeable groups have emerged from this.

Although it is difficult to establish the size of these ventures, the largest group is probably the one put together by ITT: its European turnover is estimated at about £340m., which means that it is larger than most middle-ranking indigenous component manufacturers. ITT's interests are located mainly in Germany, where it bought Alfred Teves, claimed to be Europe's largest brake manufacturer, in 1967; Teves has since opened a factory in South Wales, the only significant attempt at an invasion of the U.K. components market from across the Channel, and one that has so far made little impact.

The American group also owns Koni, the Dutch shock absorber company, a German electrical equipment concern, and a cluster of eight companies, making a variety of small components and employing 7,000, in Italy.

Perhaps the least-known of the American companies is TRW, which started its expansion in Europe in the early 1960s. TRW has kept a low profile, and has allowed companies it acquired to retain their own names, relying on tight financial control as a c... tralising discipline. But ... virtue of picking up compa... right across Europe, it has b... up an estimated annual ... over of about £200m. It do... nates the steering gear indu... in the U.K. (Cam Gears) ... Germany (Ehrenreich), ... building up similar compa... in France and Italy, and al... has a considerable interest i... valve manufacturing.

The third large Americ... group has been put together by Bendix, which has bought in... the air brake business in th... U.K., and into the electric... and lighting industry in Fran...

There is still scope, the i... dustry believes, for consi... able further rationalisa... throughout the EEC. Many ... the smaller companies will ... evitably be swept aside as ... pean cars become increasin... alike under the skin and ... economies of longer producti... runs filter through to the co... ger companies, too, are still ... ing tempted by the opportun... to pick up technical excellen... elsewhere. GKN, for exampl... is expected to use the Sa... expertise in clutches to put m... life into its British clutch... ing subsidiary, Laycock, w... has *singularly* failed to lo... Automotive Products' contr... 90 per cent. of the Br... market.

What this may mean fo... ports, particularly from Bri... is an open, and highly poli... question. Most component m... facturers argue that investm... on the Continent does not n... hurt Britain, since they ... generally getting business ... they would probably not ... received otherwise, and at ... same time encouraging fa... arity with British compo... Certainly the export fi... seem to indicate that the... vestments have not done m... damage so far. In the lo... term the greater worry i... surely be the unhealthy s... of the U.K. assembly se... since without that to serve ... difficult to see the compo... companies retaining ... vitality.

WHO'S WHO IN WESTERN EUROPE'S MOTOR COMPONENTS BUSINESS

MANUFACTURER	OWNERSHIP	PRODUCTS	LOCATIONS
Lucas	U.K.	Electrical equipment Braking systems	U.K., Italy, France, Germany, Spain
GKN	U.K.	Transmission parts, clutches, axles, fabrications	U.K., Germany
Associated Engineering	U.K.	Pistons, bearings, rings	U.K., France, Italy, Germany
Automotive Products	U.K.	Clutches, brakes, automatic transmission	U.K., France, Holland
Armstrong	U.K.	Shock absorbers	U.K., France
Wilmot Breeden	U.K.	Door mechanisms	U.K., France,
Bosch	W. Germany	Electrical, electronic and fuel injection equipment	Germany, France, Sweden, Belgium, Spain
Sachs	W. Germany	Clutches, shock absorbers	Germany
Ferodo	France	Braking systems, electrical equipment, clutches	Italy, Germany
Perkins	U.S.	Diesel engines	U.K., Germany
Cummins	U.S.	Heavy diesel engines	U.K.
Eaton	U.S.	Heavy axles, transmissions, pistons, valves	U.K., Italy, France, Spain
Rockwell	U.S.	Axles	U.K.
Dana	U.S.	Axles, transmissions, clutches	U.K., France
Borg-Warner	U.S.	Automatic transmissions, clutch components	U.K., Germany
TRW	U.S.	Steering gears, valves	U.K., Germany, France Italy
ITT	U.S.	Brakes, electrics, shock absorbers	U.K., Germany, Italy Holland, Spain
Bendix	U.S.	Brakes, electrical parts	U.K., France

Sources include James Gust

MEN AND MATTERS

New investment advice . . .

While Merrill Lynch is challenging the New York Stock Exchange over odd-lot trading —that is deals in less than 100 shares—its nearest competitor E. F. Hutton, the second biggest securities house on Wall Street, is laying its own plans to try and step up its share of smaller business. This week sees the start of a test launch of a new service for small clients in nine areas of the U.S.

Mind you, their idea of small *clients is not entirely yours or* mine. Robert Fomon, president and chief executive of Hutton comments, "our new service is for small clients with up to $250,000 to invest." I don't know where he draws the bottom line, but the upper figure is equivalent to around £125,000 and even the most choosy investment departments of U.K. merchant banks would be happy to handle a portfolio of that *size: most have a starting limit* of around £50,000.

According to Fomon, mutual funds being out of favour in the U.S. at the moment, there is a gap in service to the small client. His scheme is to provide discretionary investment management for a flat fee of 3 per cent. of the portfolio—whose managers will be instructed to avoid shares in companies where Hutton has acted as underwriter or investment banker.

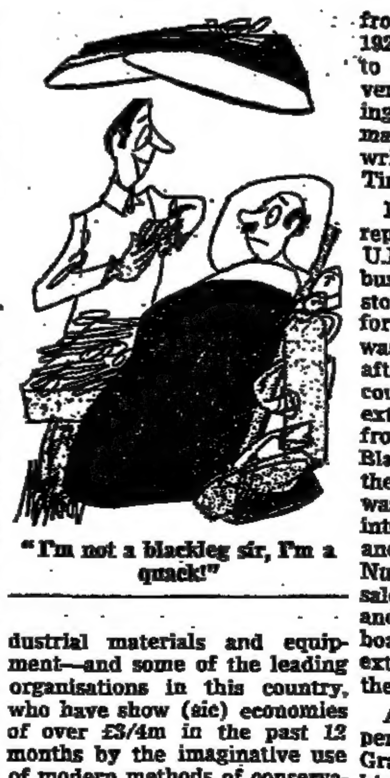
This latest innovation (and there is a Rolls-Royce version for "rich" clients) is typical of Fomon, a Californian who has made it to the top in Wall Street. He became president of Hutton in 1970 and it is largely through his five-year plan that the firm has grown to be the major competitor to Merrill Lynch at a time when the industry as a whole has been contracting.

Characteristically, Fomon is bubbling with confidence about the industry's future in spite of its recent hard times. He sees total revenues rising by $600m. a year over the next ten years as the securities industry's share in meeting the estimated financing requirement of U.S. corporations.

. . . and more

Mind you, American investors are finding other sources of financial guidance. Earlier this month "Sylvia Porter's Money Book" outsold "Bring on the Empty Horses"—the second half of David Niven's autobiography—to top Time Magazine's list of non-fiction best sellers. Different lists vary slightly, but one at least shows J. K. Galbraith's book "Money," and Richard Ney's "Making it in the Market" coming up fast.

Popularity of money books in the U.S. can be traced back to Adam Smith's two best sellers "The Money Game," and "Supermoney." I gather that Smith has now turned his attention to transcendental meditation, and that his book on that subject is selling well on the back of, but unconnected with, his previous efforts in the finance field.



"I'm not a blackleg sir, I'm a quack!"

Conservation

Invitation of the week award goes to Eutectic Company, which to-day will present "Conservationist of the Year" awards. Eutectic is a private company owned by Dr. Rene Wasserman, and specialises in protective maintenance welding. Not surprising, therefore, that the conservation the company is concerned with is not of the environment but of machinery, and the invitation promises "a unique opportunity to meet a cross section of acknowledge (sic) experts in 'terotechnology'—the economy of industrial materials and equipment—and some of the leading organisations in this country, who have show (sic) economies of over £3/4m in the past 12 months by the imaginative use of modern methods of conservation."

Observation of a strict embargo on naming the winners prevents me from saying much more—except that in two cases (and one of them gets two prizes) the term "show economies" seems more appropriate than the economies which Eutectic adjudges them to have shown: both are mammoth loss-makers.

From light up to extinguishing

Find Graucob, who is retiring as chairman of the Nu Swift Industries at the age of 73 (though he intends to continue as a non-executive director) has had a varied career since he first came over to this country from Denmark during the 1920's. His initial venture was to pioneer automatic cigarette vending machines. While building up sales of his vending machines he found time to write features for the Financial Times.

Eventually Graucob employed representatives all over the U.K., but the war brought his business to an abrupt end, stopping supplies of cigarettes for his machines. However, he was left with some capital and after looking around for a couple of years he bought fire-extinguisher makers Nu Swift from valve manufacturers J. Blakeborough and Sons—where the fire extinguisher business was peripheral to its main interests. Since then Graucob and his colleagues have built Nu Swift up into a group whose sales last year verged on £6m., and one of the company's boasts is that it puts fire extinguishers into every ship in the Royal Navy.

Although he has made his permanent home in Yorkshire, Graucob has never relinquished his Danish nationality. He was also a great one for publicity techniques: his most hair-raising habit was the way he entertained visitors to his office: he would pour petrol all over the floor, throw in a match, and then proceed to demonstrate the efficiency of his company's products.

New campaign

There is at least one touch of light relief to the "Free George Davis campaign" which came to an unfortunate climax with the digging up of the Headingly test match pitch. On a wall in South London someone has painted the slogan, "Bill Stickers is innocent. OK?"

Observer

FINANCIAL TIMES SURVEY

Monday December 8 1975

EUROPE

Even after the referendum which confirmed British membership, the way ahead for the EEC remains obscure, not least because most governments are preoccupied with immediate problems of recession and inflation.

Turning point for the Nine

Y IAN DAVIDSON
ıropean Editor

A LIMITED sense, 1975 has rked a turning point for rope, in that it has finally set seal on the enlargement of European Community from to nine members. The sucsful conclusion of the egotiation process underen by Britain's Labour vernment was crowned by a -to-one majority at the June erendum in favour of conued British membership and m that moment there could no doubt that the U.K. was nly committed to association h the Community.

ut it has been a limited turnpoint in two senses. The t is that the referendum has arly not brought about a nsformation in the attitude of Labour Party, which nains deeply split over rope. The second is that the bivalence of the Labour Government is a reflection of a wider uncertainty in Europe over where the Community should be going and how fast it should try to get there—an uncertainty which has been reinforced by the domestic pressures of inflation and recession in every European country.

The ambivalence of the Labour Party has been underlined by the row over the British demand for separate national representation at the forthcoming international energy conference. The row was patched up at last week's European Summit in Rome, and the U.K. has abandoned its demand in return for policy concessions on energy from the rest of the Community.

But the way the controversy was handled by London threw a disturbing light on the Government's approach to the Community. Above all, it seemed to imply that the Government had failed to understand how the Community works, was unwilling to accept that handling of British foreign policy must inevitably be transformed by membership of the Community, and had been unable to grasp the truth of the argument advanced so often during the referendum campaign — that membership of the Community would actually increase Britain's international leverage.

The original six member States have, of course, been Community members for 20 years longer than Britain, and it is certainly easier to learn the lessons of membership from inside than from out. The question now is whether the disagreeable experience of being forced to abandon, more or less ignominiously, a position which had been rigidly advanced as non-negotiable, will prompt the Government to review its approach to Europe. Having been deflected by the other member States from an old-fashioned nationalist position in the international energy conference, the U.K. has no option but to press more strongly than before for the development of a Community energy policy as a way of securing the same ends.

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The wider uncertainty about the future of the Community is manifest in every member State, as well as in the atmosphere of depression in Brussels. The programme for economic and monetary union has been put into cold storage, and no government has any clear idea of an alternative grand strategy for moving the Community along the central boulevard of European integration. As a substitute for a clear idea, the governments have instituted the principle of holding three European summit meetings each year, and have commissioned Mr. Leo Tindemans, the Belgian Prime Minister, to put forward proposals for the next stage on the road to the undefined goal of European Union.

Two of the summit meetings have turned out to perform useful tasks: the Dublin meeting resolved the last outstanding problems of the British renegotiation, and the Rome meeting has both settled the controversy over the energy conference and confirmed the decision to hold direct elections to the European Parliament by universal suffrage in 1978. But it is inevitable that the regular holding or summit meetings tends to give a more inter-governmental emphasis to a Community whose central characteristic until now has been the delicate balance between the national and supranational bodies in Brussels.

Contrast

The growth of summitry may go some way to explain why there has been an apparent decline in the enthusiasm for a politically integrated Europe, even among those small member States like the Netherlands which were in the past the most fervent supporters of the idea. In this context, it is striking to contrast the supranationalism of Dutch policy on Europe in the 1960s with the comparative nationalism of Denmark, whose status as a small country ought to imply a need for the arbitration of Community institutions.

On the other hand, it is now plain that while the Commission still has a central role as the guardian of the treaties and as the administrator of technical progress under the treaties, it does not have a political role as a motor for the adoption of major new objectives over and above those laid down by the treaties. In that sense it is no doubt significant that the major achievements of the Community during the past 12 months have been governmental in origin.

The enlargement of the Yaoundé association with the former colonies of the Six to include a host of Commonwealth and other developing countries in the Lomé Convention was the result of British demands in the accession negotiations. But the enlargement of the scope of the new convention was the result of a remarkably united and tough negotiating stance on the part of the 46 developing countries themselves.

The second major achievement of the Community this year has been the remarkable degree of progress in the co-ordination of the foreign policy of the member States, not least in areas which fall normally outside the competence of the Community. This was true in the Conference on Security and Co-operation in Europe at Helsinki, in the Seventh Special Session of the UN dealing with the problems of the developing countries, and in the development of an explicit European attitude towards Spain and Portugal.

In addition, the Community has been active, though perhaps not so far very successful, in trying to develop European policies towards the Mediterranean countries and towards the Arab world. This progress in foreign policy co-ordination has been the more conspicuous for the absence of any corresponding central progress on the internal development of the Community.

The prospects for internal development may therefore depend to a large extent on the proposals being prepared by Mr. Tindemans, and the degree to which he seeks and is able to persuade the other member States of the need to face up to the *political* implications of integration. The lesson of the failure of the programme for economic and monetary union is that the member States were not prepared to make those transfers of authority and of financial resources to Brussels which would have been required to make it work. The question is—would they be more prepared to-day?

On the face of it, it seems doubtful. The West German Government's chief preoccupation at present appears to be with the cost of Community policies and with the need for better housekeeping in Brussels. Under President Giscard d'Estaing the French Government has shed most of the old Gaullist hang-ups, and is making a significant shift in the orientation of its defence and arms procurements policies. But it has yet to move from relaxed pragmatism to creative leadership, and the smaller members of the Community were less than pleased that the French Government did not invite them to the economic summit at Rambouillet last month.

The one point on which at least seven of the nine member States have been able to agree — and again it may be regarded as a substitute for any clear idea about the future development of the Community — is that the European Parliament should in the near future be directly elected. The nationalism of governments may be at least partly attributable to anxiety over the natural chauvinism of ordinary voters, besides being difficult for any democratic government to resist on logical grounds, direct elections might transform the political context of the debate over Europe.

What is not clear, in the midst of recession and inflation, is whether the Community will be able to make any substantive progress in the near future on policy integration.

Division

In particular, it is not clear whether all the Community countries could expect to make progress together, or whether we may not begin to see something that could be described as a two-tier, or even three-tier, Community. Such a division between the fast and slow ships in the convoy was first mooted by Willy Brandt, when he was German Chancellor, and to-day there could be the embryo of a two-tier Community in the form of the currency snake, to which Britain, Ireland and Italy do not belong.

Mr. Tindemans has so far kept his ideas to himself, but it seems possible that he put forward the notion of two-tier development as one of the options facing the Community. If he did so, he would be likely, as the representative of a strongly Communitarian country, to argue that all policies should be jointly decided by all member States, even if some

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Timetable falls well behind

UNDER the Community's original timetable, last week's Rome Summit meeting should have been studying detailed plans for the final phase of the move to "European Union" by the end of the decade. It is an indication of how far the Community has been blown off course that such a prospect should have been thought possible only just over three years ago, in the euphoria of the Paris Summit of October, 1972. With the wisdom of hindsight, many people would now of course argue that the whole idea was *hopelessly unrealistic* even before the Community was hit by the multiple blows of the energy crisis, recession, inflation and, some would add, British entry.

"European Union" was the catchphrase hit upon by President Pompidou to give an appropriately historic ring to the Paris communique—the first ever to be issued by the heads of Government of all the Nine. At that time, on the eve of enlargement, its very vagueness made it acceptable all round. Since then, the same vagueness has earned it the scorn of Mr. Callaghan, and even many pro-Marketeers in Britain felt obliged to denounce the concept during the referendum campaign, in apparent fear that it might frighten voters off the whole idea of the Community. To-day few people are much clearer about what it means than they were in 1972, and the ultimate goal, whatever that may be, looks even further away.

But that is not to say it has been abandoned. Over the past year all four of the Community's institutions — Commission, Council, Parliament and Court —*have been drawing* up their reports on what union involves and how it should be achieved. The *Parliament's effort* was feeble to the point of irrelevance, the Commission's a well argued and thoughtful document in which the Brussels executive proposed its absorption into a European Government responsible to a two-chamber European Parliament. Earlier in the year, the Marjolin Report had argued powerfully that economic and monetary union required the establishment of Community financial and political institutions operating on federal lines.

Proposals

The man who *is* meant to draw all the various proposals together is Mr. Leo Tindemans, *the* Belgian Prime Minister. In a major opinion-sounding operation over the past months *he has visited all nine countries* and interviewed politicians, unions, employers and all kinds of pressure groups. In Rome, Mr. Tindemans told the summit that the report is almost ready and will be sent to Heads of Government just on time, a few days before the end of the year. It will then be considered at the Nine's next summit in Luxembour in the *spring*.

At the Paris Summit a year ago Britain saw to it that Mr. Tindemans's mandate remained fairly strictly limited. Officially he is meant simply to report on the state of opinion in the Community, rather than put forward his own proposals. He and his advisers have yet to decide quite how political to make the report, but it is widely assumed that he will not want to put his name *to a purely* factual report without giving some indication as to how he sees the way ahead. Equally, *be will not want to* lose face by making over-ambitious proposals that are *likely to be rejected.*

In one important area, the direct election of the European Parliament, there was some progress in Rome. Seven of the Nine (minus Britain and Denmark) have now committed themselves to holding the first *direct elections in May or June*, 1978, and the U.K. and Denmark have said they will see what they can do to *follow suit*. Italy, which hosted the Rome meeting, built the decision as a major political breakthrough, and many people in Brussels would agree. Even if progress is difficult or impossible in other areas, it is argued, the move forward on direct elections should provide important symbolic proof that not all the Community's momentum has been lost. Another attraction is that the Rome decision should *make it easier to answer the* frequently expressed criticism that the EEC lacks proper democratic control.

But not all the problems have yet been solved. Ireland is still asking for more seats in the new Parliament, while France has said smaller countries should have fewer. Britain has consistently warned that 1978 is "unrealistic," and Mr. Wilson repeated the warning in Rome last week. The decision of the *other seven to go ahead has not* changed the British view.

This is that while the principle is not contested, there must be much more study and discussion before a final decision can be taken in London. Behind the British Government's reluctance to commit itself there are clearly major worries about the implications for devolution inside the U.K., possible accusations of abandoned sovereignty and the spectre of Continental-style pro*portional representation*.

On this issue, as on every other aspect of European Union, those who had hoped for a radical change in British policy after the referendum have been disappointed. The ill-fated demand for a separate seat at the *Paris energy* and raw materials talks has only underlined to most people on the Continent *the continuing insularity* and chauvinism of British attitudes. Those who had consistently warned that British entry would irreparably damage European integration clearly regard themselves as fully and finally vindicated. The aggrieved British response is currently to protest that the U.K. has been unfairly singled out and that other countries, particularly France, have sinned just as gravely.

It is of course quite true that the U.K. is not a lone sinner in the company of eight saints. West Germany behaved very badly this autumn over the Community budget, and France has recently been enraging its partners by agreeing to join Community positions on the Middle East and then deliberately stepping out of line to *curry favour with the Arabs*. Still, no one questions their European commitment in the way that Britain's is doubted. The point is that both countries would probably be prepared

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Well-informed debate

WHEN IT comes to foreign *affairs*, the European Community is the best informed debating society in the world. Given the collective information, contacts and even wisdom of nine foreign ministries, it could hardly be otherwise. Whether it is the situation in Cyprus, the Lebanon or somewhere further afield, the Nine between them have ways of finding out what *is going on which are not open* to other powers.

It is also true that the world as a whole is remarkably well disposed to the Community. China and the Third World are friendly: even impassioned United Nations debates do not usually contain denunciations of Europe. The Arabs are anxious to talk and the Soviet Union, though still wary, has from time to time recognised that the Community is a potential force in international diplomacy.

The Community too is a club *which people* want to join, either directly or by association. Witness, for example, the Greek *application for full membership*, the Spanish aspirations in the same direction, the Canadian *desire for a contractual relation*ship and the way Third World countries seek trade and aid arrangements.

It follows from this that if the Comunity were united, that if it had a single foreign policy, it ought to be able to play a considerable role in the world, though of course its emergence in this way could well provoke rivalries and resentments elsewhere—for instance, in the United States, which sometimes complains when Europe fails to *speak with one voice*, but does not always like it when it threatens to do so.

The *progress*, however, towards a joint policy has been slow, despite the fact that the process of information-sharing has increased. The most striking example of the Community working together over a longish period of time has been the European Security Conference, which ended; after more than two years of negotiation, in Helsinki last summer. The Nine more or less stuck together throughout—at times in spite of American criticism that they were setting their sights too high. Yet the achievement should not be exaggerated. *They* did after all have common interests, and it was not difficult to appreciate that if they were divided among themselves, *it* would have made things much easier for the Soviet Union. It was a *useful experience, rather* than a pointer towards a common foreign policy.

The Nine did it again, rather more impressively, at the UN special session on development and international economic cooperation in September. *They negotiated with other* groups as a single body, and in the end West Germany deliberately toned down its long standing opposition to a link between development aid and the creation of new Special Drawing Rights (SDRs) in order to show its solidarity with the rest of the Community.

That could have been the start of a new and deeper co-operation. It was quickly followed, however, by the announcement by Mr. James Callaghan, the British Foreign Secretary, that Britain was *insisting on its own seat at* the consumer-producer dialogue. The dialogue—now known as *the Conference on International* Economic Co-operation (CIEC) —is the formal conference for *which the special session* had been in many ways a preparation, and it had been assumed that the Community would be represented as a single entity. There were no obvious reasons why it should not be, since the subject matter is the same and the Nine had been able to agree on their basic approach at the UN.

The outcome is by now well known. Mr. Callaghan did not wholly get his way and Britain will not have a separate seat. In a sense it is a tribute to the Eight that they were prepared to stand up to him, but the clear implication of what Mr. Callaghan did and said was that *he himself did not believe* that a joint Community policy was possible even on matters *which are more to do with* trade and aid—which ought to be the Community's strong point—rather than war and peace.

Agreed

Put another way, the Community is capable of having an agreed position on questions of peripheral importance and on which it has only limited influence. Cyprus is *a case in* point. All members *say* that something should be done about it, either singly or collectively. Italy, as the current holder of the Presidency was charged to coordinate the efforts last summer—partly as a compensation for not being originally invited to the five-power economic summit meeting, itself an instance of the Community as such making a *showing at the top table*. Meanwhile, nothing has happened in Cyprus.

Related to Cyprus is Greece. In principle all members have welcomed the Greek application; most of them, however, regard it as profoundly embarrassing. *It is not only* that *Greece* has a lower level of economic development and could present obvious problems for that part of southern Europe with which its produce it competes; it is that a Community of nine members is already cumbersome enough. A Community with double-figure membership would make the decision-making process even worse. Sooner or later, the Nine will have to decide what to do.

Weakness

In the background are the continuing weakness and lack *of independence in Europe*'s defence, which ultimately is inseparable from foreign policy. The chances of a *European* Defence Community are receding. The British Government has already announced that it will not seek a new generation of strategic nuclear weapons. The French have made great progress, but future developments both in the improved accuracy of nuclear missiles and in techniques of anti-submarine warfare are likely to be of a kind that only the superpowers can afford. The idea of an Anglo-French nuclear force has been overtaken by technological progress.

What *this means* is that European defence can only be seen in the context of the Atlantic *relationship. Europe* continues to rely on the American strategic deterrent and, to a large extent, on American conventional forces. Success can only come within this framework. They are not non-existent. The past year, for example, has seen the emergence of the Bundeswehr as one of the most efficient and best-equipped forces in Europe. France, too, while remaining outside the military organisation *of the Alliance has* maintained its guard and succeeded in impressing the Americans. These are compensations to weigh against the British decline and perhaps sufficient to maintain the balance of power. But nothing fundamental has changed. Europe remains wedded to the U.S., with plenty of friends but very little unity and apparently very little will to develop it.

Malcolm Rutherford

TURNING POINT

CONTINUED FROM PREVIOUS PAGE

refrain from putting them into practice.

The incentive for thinking of differential development, leaving the weaker countries to catch up when they can, derives partly from the political and *economic situation in Britain* and Italy. But if the Community should proceed to further enlargement, *taking in Greece*, Spain or Portugal, the idea would inevitably assume even greater force.

Important as the Community *is as a system of international* organisation, however, it still rests on nation States all of which are going through a period of economic and political stress. The U.K. is struggling with demands for greater regional autonomy, with the tension between parliamentary and corporative government, and with the incipient *illegitimacy of an electoral* system which is ceasing to offer either stability or good government. Italy is facing the crack-up of the Christian Democrat Party, monopoly power holders for a quarter of a century, and the question mark over the future role of the Communist Party.

Outside the Community, *Portugal seems at last to be* getting a grip on its internal anarchy, with the attendant risk *that liberty may in the end be* sacrificed to law and order, and Spain's new king is embarking on the dangerous and difficult task of steering a course between the opposing forces of left and right. All European countries are facing pressure for worker participation *and for* more protection of the environment.

In the circumstances, therefore, it is perhaps not surprising that for the time being the sense of urgency has gone out of the integration of the Community. Yet it is difficult *to* imagine any internal stresses being so strong as to overcome *the force of history*, of culture, of geography, of trade, of strategy and of economics—what General de Gaulle called *la force des choses*—driving the European countries together.

مكبر من الاصل

Atlantic Alliance under less strain

NOTICEABLE calm has ·scended on the North tlantic scene after all the ·ubts, quarrels and recriminations of the past few years. ·lations between the U.S. and e Common Market have ·ver been easy and probably ·ver will be. But the period at began with the Nixon ·ombshells" of 1971-72, the ·sits to Moscow and Peking, e dollar devaluation and so : and lasted through the monery reform negotiations and e Middle East crisis, remains .e of peculiar Transatlantic ·ision.

In the past year or so, how·er, the mood has become ·re harmonious and subdued. part this is the result of rely political developments ·thin a number of the ·ntries concerned. Death and · ballot box ended the neo·ullist alliance between ·athian Britain and Pompi·lian France, substituting ·vernments that while still prickly on some issues, are at heart more realistic about their own strength and more co-operatively inclined towards Washington.

In America, too, political accidents have induced a more co-operative frame of mind. During the final stages of the Watergate crisis, Richard Nixon strove to present himself as the trusted leader of the Western Alliance and could not afford to take risks with Europe. To-day, President Ford also needs the prestige a smooth functioning Atlantic system confers as he, too, struggles to secure his fragile political position.

Easing

Yet the improved tone of Transatlantic relations also reflects an easing of some of the substantive fears and anxieties that Europe and America had developed about each other at a time when it seemed that the Common Market might be growing in strength while the U.S. tired of its international burdens. In the security field, for instance, Europeans have been reassured to find that their own interests were not sacrificed on the altar of détente and that Congress sustained America's NATO commitments, despite hardships at home and reversals overseas.

There is no doubt that the U.S. was badly shaken by the divisions that the Middle East war of 1973 caused within the Atlantic Alliance. But it has at least had the satisfaction of finding the British Labour Government easier to get on with than its Conservative predecessor and of seeing the French moving discreetly towards a closer relationship with NATO.

On the economic front, other ghosts have been laid to rest, at least for the time being. The U.S. has not gone as protectionist as some feared under the double impact of the recession and the collapse of South-East Asian policies. Meanwhile, the European allies have gone along with Dr. Kissinger's energy plans, even breaking with France over the International Energy Agency (IEA).

Europe and America have also agreed in principal that something must be done to meet the economic aspirations of the Third World and take the heat out of the looming North-South confrontation. Finally, a semblance of progress has been recorded on monetary matters with the Rambouillet compromise on more stable floating exchange rates and a general commitment at the highest political level to co-operate in ending the world recession and restoring stable growth.

In all these areas, therefore, the worst fears have not materialised and this has improved the political climate between Europe and America. But there has also been another important factor at work—and this is simply the economic crisis in the world as a whole, and Europe in particular, and the damage this has done to the Common Market's pride and self-confidence.

The Community's ambitious dream of monetary unification has been swept away by the force of present-day economic reality. These same economic difficulties have also cast a blight over many of Europe's other hopes and achievements.

The Common Agricultural Policy, for instance, has come to seem increasingly wasteful and controversial at a time of high inflation. Governments are reluctant to reduce domestic protection when unemployment is high and it remains questionable whether any progress can be made at the GATT trade talks before the business cycle rebounds.

Meanwhile, they are no more generous in their attitude towards new Community schemes. Political considerations are at work here too of course—European integration remains controversial in both Britain and France. But the problems created for individual governments by the vicious combination of recession and inflation, seem to have sapped everyone's interest and energy for Community matters.

Moreover they have also created a lively sense of Europe's inadequacy in other fields—and of its dependence on the U.S. This is particularly true on security matters, with the French inching their way towards NATO and the other allies making their first real effort to standardise weapons procurement. For everyone can see all too clearly why Communist theoreticians openly proclaim the crisis of capitalism Marx predicted.

The new mood of harmony in Atlantic affairs thus owes much to common economic difficulties and the realisation that the West as a whole is being seriously weakned by them. This has induced a more co-operative mood, based on the scaling down of particular ambitions and a new recognition of the benefits that come from pulling together.

Strain

The interesting question, of course, is how long it is likely to last. There seems little doubt that another Middle East war would greatly strain U.S.-European relations overnight, if it forced the Common Market countries to choose again between Washington's pro-Israeli policies and their own oil supplies at the depth of an economic recession. How likely this is remains a matter of conjecture, but the least to be said is that the American Middle East peace effort is not running up against the most difficult aspects of the problem.

It is also true that the tone of transatlantic relations could be easily changed as a result of next year's Presidential elections. While the campaign period is likely to be uneventful, since it is improbable that the Democrats will repeat their mistake of 1972 and choose another overtly isolationist candidate, a sharp swing to either Left or Right would certainly have an important implication for Atlantic policy. So would a continuation of the present state of near-permanent deadlock between the executive and legislative branches of the U.S. Government.

Another spectre is sometimes raised by American policy planners, though it is probably a good deal further off in time. This is of a strong nationalistic trend emerging in Japan at the same time as Communist China begins to acquire an effective nuclear capability. Against such a background, would East and West Europe tend to coalesce, leaving America an isolated fortress?

But leaving aside such political developments as these, it is important to recall that only a few years ago it was widely held as axiomatic that the interests of Europe and America were moving in divergent directions—and that as the Common Market became more cohesive and influential in the world, it was bound to bump up against America's plans and ambitions.

To some extent this seems bound to happen again, as economic conditions improve and the Common Market's self-confidence perks up again. It is true that the lessons of the recession will linger on and that new machinery constructed during its darkest days—the new Atlantic Charter, for instance, and the procedures for political consultation — will play a mitigating role.

Larger

Nevertheless, the Common Market is likely to grow larger as a result of recent events in the Iberian peninsula, with more extensive links to the developing world. Already its ideas on how to deal with Third World problems seem less dogmatically free enterprise than those of the present U.S. Administration, while as it adjusts to the oil price rise its links with the Midle East are likely to strengthen too. In both these areas, therefore, a potential or renewed conflict persists.

This is also true of the economic sphere. The oil price explosion and general world inflation has obscured for the moment the debate over the dollar's pivotal role in the monetary system. But the Common Market is likely to emerge from the current recession more convinced than ever of the need to harmonise its members' economic policies and maintain fixed exchange rates between them. It will thus immediately face the problem of maintaining a stable relationship with the dollar and defending itself against further inflation imported from across the Atlantic.

In the security field, similar shoals also lie beneath the calm surface of the present. For one thing, it has yet to be demonstrated that the U.S. will be prepared to make a reality of its promises to help encourage a more rational NATO arms industry by purchasing important systems from the Europeans — particularly now that Dr. Schlesinger, the driving force behind the whole rationalisation exercise has left the scene.

At the moment, prospects for détente seem largely clouded by internal political difficulties of the two super-powers. Whether another strategic nuclear arms limitation agreement is possible before the American elections depends on such imponderables as the state of President Ford's relations with Congress and Mr. Brezhnev's health and standing in the Kremlin. But, however, this issue is resolved, it looks as though the next steps in détente are going to involve such matters as European ground force reductions and closer political relations—and concern the Common Market countries much more directly than the SALT negotiations that have so far played the major role in détente.

For the time being these problems and tensions lie buried and half-forgotten as the Atlantic world struggles to extricate itself from an economic crisis so serious that it has come to threaten the basic political fabric of the Western Alliance itself. Yet it would be surprising if more pleasant weather did not encourage them to emerge into the open again.

Paul Lewis
U.S. Editor

OAL OF UNION

CONTINUED FROM PREVIOUS PAGE

·ve forward to greater inte·tion in political areas where · U.K. is not — even if it is l unclear precisely what ·se areas are.

·he way ahead is equally ·lear in the economic and ·netary field. The optimistic ·lief that it would be possible move forward in three easy ·es to economic and monetary on by the end of the decade long since been abandoned, n by the Brussels Commis·. The Commission has now ·ng right over to an approach extreme pragmatism, in ·ch specific proposals are put ·ward for the sort of indivi·l projects it thinks the ·mber States can accept. ·se include an export-import ·k on American lines, a new ·nomic research and forecast· centre, and steps to revamp Community's exceedingly ·plex system of units of ·ount. Broad visions are no ·ger fashionable.

·nake

·he major event on the ·rnal EEC monetary front in past year has been the ·rn of the French franc to "snake" system of jointly ·ting West European cur·cies. The move, the wisdom ·hich was doubted by French ·nomists, was clearly seen by ·sident Giscard d'Estaing as ·mportant French gesture of ·inued faith in economic and monetary integration. It has been accompanied by continuing French pressure in the Council to push ahead with reforming the unit of account as a step towards a common currency, and rather disingenuous French statements of hope that Britain, Italy and Ireland will all soon return to the "snake."

The franc's return to the system, however, has in one sense only served to reinforce the clear distinction between the "snake" and the "non-snake" countries. The Community's richest and most stable countries are now all members, while the three poorest and least stable remain outside. Despite Italy's expressed intention of returning "as soon as possible," the economic gap between the Six and the Three does not look like narrowing in the near future. In the present economic situation, even more than at other times, the stronger countries will want to look after their own interests first.

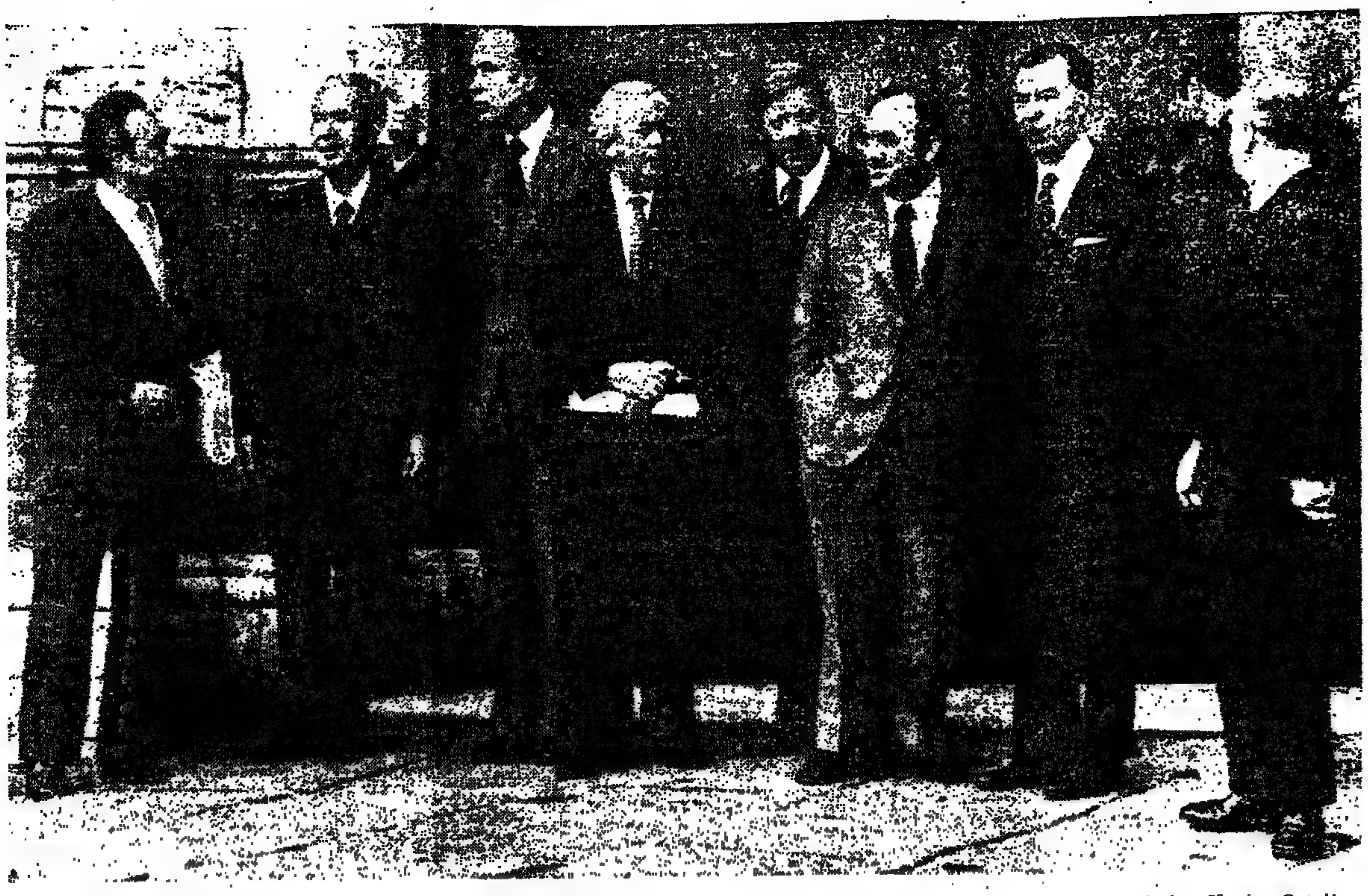
Repeated attempts to co-ordinate economic policies in the Nine have so far borne little fruit, and there is no sign of any willingness on the part of the richest country, West Germany, to accept the need for significant resource transfers to the Community's poorer regions. On the contrary, West Germany has viciously attacked plans for increased expenditure from the meagre EEC resources that are meant to spread the Community's wealth more evenly—the regional and social funds.

Nor is there any sign that Britain's economic difficulties are anywhere nearer solution. As long as British eyes are turned inwards on the country's economic and political problems, including the immensely complex and explosive devolution issue, it is probably too much to hope that the country can make a major contribution to steps towards any form of European Union—whether economic, monetary or political.

Difficult

Everything has happened at just the wrong time for the Community. The strains generated by enlargement, together with the economic crisis, have hit the Community just as it was entering what was bound in any case to be its most difficult phase. It is hardly surprising that many people in Brussels now feel the only thing the Community can do for the time being is to batten down the hatches and wait for the storm to blow over. At the same time there is a growing body of opinion which believes that the step-by-step approach to integration has to be abandoned. Once the crisis is over, they argue, the Nine must either brace themselves for a "great leap forward," or give up the pretence that they really want union.

Reginald Dale
Common Market Correspondent



European leaders at last week's Rome summit conference. Left to right: President of the EEC Executive Commission Xavier Ortoli, Italian Premier Aldo Moro, French President Valery Giscard d'Estaing, Harold Wilson, German Chancellor Helmut Schmidt, Danish Premier Anker Jorgensen, Belgian Premier Leo Tindemann and Irish Prime Minister Liam Cosgrave.

Calmer waters may lie ahead

IT HAS been another eventful year for the Common Agricultural Policy, which continues to suffer the strains being the only full-blooded policy to be developed beyond the EEC's customs unions. This has not made the policy any more cherished. Indeed, there have been times when it has been possible to wonder whether the fight to keep the CAP show on the road in the face of the many attacks upon it — some within political control and others not — would not be abandoned.

But the signs are that the CAP may now be entering calmer waters. A year which started with the crises of the beef glut and the sugar surplus has ended with an agreement among EEC ministers of agriculture on the guidelines for improving the CAP.

The last hurdle is to translate this agreement into concrete measures via the coming season's EEC farm price arrangements. The acid test is whether member countries do indeed support the principle of producers carrying some of the cost of disposing *of surpluses*, notably in the dairy sector, whether they give Community consumers priority in the cheap sale of such surpluses, and whether they agree, for example, to Britain being able to continue with its deficiency payments style beef support system. Only then — and the crunch is likely to be some time in February — will it be possible to say that the dissatisfaction over the CAP has led to some significant changes in its workings.

The agreement in principle on CAP reform or improvement grew out of the "stocktaking," instigated at German insistence, *in return for Bonn's lifting of* its veto on an interim 5 per cent. price rise for farmers in October, 1974. The Commission's stocktaking was completed at the end of February this year and its conclusions were broadly the same as its memorandum on CAP improvement of October, 1973. Some other member countries also produced their own version of the CAP stocktaking. Yet despite all the noise about the need for fundamental reform all studies have ended up with recommendations which are more in the nature of fine tuning than a major shake-up. The trouble is that thorough-going reform, by, say, far greater use of direct premium payments instead of intervention buying, is liable to be incompatible with the other great criticism of the CAP—its budgetary cost.

The net result is that all sides have been left agreeing that prices and markets policy must remain the chief instrument of the CAP, while suggesting the possibility of temporary direct subsidies in specific cases where the existing policies would not enable a market balance to be achieved within a reasonable time.. The studies have also emphasised or admitted that the CAP has provided an element of stability in food supplies and prices to Community consumers.

The budgetary cost of the CAP remains a controversial issue, not least because it continues to represent more than 70 per cent. of the total Community budget. As already mentioned, this is really a monument to the lack of development of other EEC policies of comparable stature. But it has not prevented some very strident criticism of its cost, notably from West Germany, now transformed from being the CAP's milch cow to its hard paymaster.

Instability

The Commission's defence is that the CAP's expenditure is less than 0.4 per cent. of the Community's GNP and amounts on average to only 2 per cent. of expenditure on fooodstuffs. Moreover the Common Farm Fund has to pay out substantial sums arising from currency instability within the Community, which should not strictly be marked down to agriculture. Thus out of the 1976 proposed agricultural budget of 5.2bn. units of account (around £3bn.) some 10 per cent. is earmarked for monetary payments: payments, moreover, which this year have subsidised Britain's food imports by over £100m. and helped to turn the finances of Britain's EEC membership from being a net cost to being a net benefit to exchequer funds.

Despite this, there is still a good deal of residual hostility to the CAP in the U.K. and a lingering belief that, given some political coverage, the cost of food could be cut at a stroke. The answer is that there could be, but that it would cost a good deal more money than at present. If the European farmer does not get his return through the market place then he will have to be provided with support through either the Community or national budgets.

It is for this reason that the U.K. Government has not been in the forefront of those crying for reform. Mr. Peart, the U.K. Minister of Agriculture, and his officials have preferred to tackle the problem of making the CAP more cost effective on a case by case basis. They have concentrated on winning arrangements which suit Britain's potential needs rather than carrying on a reform crusade across the whole of Europe.

Thus for beef, Britain insisted, under the cloak of "renegotiations" that it could not possibly *apply the intervention* system responsible for Europe's "beef mountain." The outcome was that Mr Peart was given permission to apply "for an experimental year" a variable premiums arrangement: with intervention pitched at a lower price where beef would only start to be taken off the market if prices collapsed completely.

With the "experimental year" drawing to a close, EEC officials admit that the arrangement has worked very well: though it has been helped by the holding back of beef in Irish intervention stores which otherwise would have found itself to the U.K. market, depressing prices and greatly increasing the cost of the premium payments. But the signs are that the Commission's forthcoming farm price proposals will recommend that Britain be allowed to continue its beef regime.

Approach

Another illustration of the British approach has been Mr. Peart's attitude towards the Community's wine market difficulties, which have rumbled on for much of the year. Although having no direct interest, Mr. Peart has insisted all along that Britain is prepared to make its financial contribution towards a long-term solution of the problem of wine surpluses. It has been unhappy at the u[illegible] of expensive programmes for distilling surplus wine and alcohol which do not tackle the basic problem of over-production.

The proof of the reform pudding, however, is going to be in the extent to which Britain and its Community partners swallow solutions aimed at achieving a better market equilibrium in the milk sector. The milk sector is crucial because it accounts for getting on for half of CAP market-support budget. The butter mountain has been reduced to manageable proportions for the time being, but a skim-milk powder mountain of over [illegible] tonnes still bears witness to a problem of structural surplus in this area.

The Commission's "stocktaking" proposal for applying the principle of co-responsibility in this sector was to split the EEC annual price rise for [illegible] into two. The second increase would be withheld in September if surplus dairy stocks had risen above a certain level. It remains to be seen if the Commission writes this proposal into the 1975-76 prices package, due to be published shortly. Ministers of agriculture have not shown much enthusiasm for this method of cost-sharing. But it has to be said that they are very adept at agreeing with the principle but shying away from every specific proposal aimed at implementing the principle.

But a measure of co-responsibility will not be enough by itself. The whole Community has a vested interest in seeing that there is not a sharp contraction in the British butter market. As things stand, butter prices in the U.K. are due to rise by at least 40 per cent over the next two years under the transition arrangements to full EEC prices laid down in the original entry terms. If this rise takes place it is easy to see butter consumption in Britain, presently running at some 450,000 tons a year, being slashed to only 300,000 tons. Mr. Peart is evidently after a substantial increase in the consumer subsidy on butter paid by Brussels, and with West Germany now enjoying an important share of the U.K. butter market he may get it: though there is an inclination among other EEC members to try to cut down New Zealand's share. The Dublin "renegotiation" agreement appeared to guarantee New Zealand's continued access for guaranteed quantities at least until 1980. But the small print of the pledge refers to the need to "take account of market developments."

The outcome of the present [illegible] remains to be seen. But the problem of maintaining the [illegible] butter market vividly illustrates the dilemma of CAP reform. To most people, reform means cheaper, or at least not more expensive, butter. Yet the price of this reform must be a preparedness, if necessary, to spend more money in direct subsidies in holding down the prices to consumers.

Robin Ree[illegible]

Little success for joint projects

FOR EUROPEAN industry the :hallenge of 1975 has been simple—how to survive. In a number of sectors the recession has been the most severe since the 1930s. Steel mills have been operating at 50 per cent. of capacity or less; demand for synthetic fibres has virtually collapsed; in these and other industries the slump came almost as suddenly as the boom which preceded it. Although the closing weeks of the year have brought a few faint signs of recovery in the basic industries, it is still not clear whether this reflects an end to e-stocking or a genuine improvement in final demand.

Inevitably there have been casualties. Although the structural changes which have taken place over the past decade have mited the scope for further ationalisation in certain fields (for example, in steel), the recession has brought in its train a number of closures, mergers and forced acquisitions. The shape of the French motor industry has been transformed by the merger of Citroen with Peugeot and of Berliet with Renault/Saviem. In the U.K. British Leyland has been rescued by the Government, while Chrysler's operations face drastic contraction, if not closure. In Holland Volvo has tightened its control over DAF, while in Italy the fate of Innocenti is in the balance.

Casualty

Intense competition within Europe and diminishing export opportunities in other parts of the world (with the exception of the oil-producing countries) have forced many companies to scale down their investment programmes and to go slow on some projects already under construction; the big integrated works at Fos in the South of France is one such casualty, though construction is continuing and the ultimate objectives remain unchanged. Whether European industry will be able to cope with the recovery when it finally arrives is a matter for some anxiety; there are fears that some sectors—paper is one possible example — will have neither the financial nor the physical resources to handle a sharp upturn in business.

In the meantime solutions to most of the pressing industrial problems have been sought, as might have been predicted, on national rather than on European lines. The virtual collapse of the joint computer company Unidata, one of the very few genuinely European co-operative ventures, appeared to symbolise the failure to establish any permanent machinery for European collaboration in the high-technology industries. The fact that the French preferred an alliance with Honeywell, one of IBM's American competitors, to an arrangement with Philips and Siemens, may have been a realistic decision in national terms but it was a grievous blow to the European Commission's hopes of a unified European challenge to U.S. domination in the computer industry.

In the nuclear field, too, the French Government has pursued a rather similar policy. Under the new arrangements for Framatome, the Government's chosen instrument for building nuclear reactors, the majority of the shares will be held by French investors, public and private, but the technology will be that of Westinghouse; the U.S. company will hold a minority of the shares. Presumably the intention is to make Framatome progressively less dependent on American technology, just as the Germans have done in their reactor programme, but the French recognise that they cannot go it alone. It is a national solution with transatlantic overtones, not a European solution.

It is precisely these high-technology industries which have been the subject of such intensive study by the industrial division of the European Commission in Brussels; the apparent irrelevance of this work to the decisions actually taken by member governments is striking. Before and after the collapse of Unidata there have been suggestions that the Commission's efforts should be directed primarily to such areas of the computer business as peripherals and mini-computers, in which U.S. dominance is less overwhelming. This certainly seems a more promising area in which to operate, but the basic problem remains: the political will on the part of member governments to subordinate their interests in such a highly sensitive field as computers to European institutions, does not yet exist. The Commission has no powers to compel them to do so.

Much the same applies to the aircraft industry. The Commission has been attempting for some years to develop a European approach for a sector whose weakness in the face of U.S. competition is well known. This year, once again, an action programme has been suggested which would, among other things, set up an agency to co-ordinate the purchase of military aircraft by the nine member countries; there would be closer co-ordination of civilian projects to ensure that optimum use was made of the European industry's resources.

Doubtful

Whether this initiative will be any more successful than others which have been tried in the past seems doubtful. There are, of course, a number of co-operative aircraft projects, in both the military and civilian fields, but these have not yet led to the sort of permanent amalgamations which would be necessary if true economies of scale were to be achieved. The fact that the so-called "arms deal of the century" — the purchase of a new fighter aircraft by the governments of Belgium, Holland, Norway and Denmark —was won by an American manufacturer, seemed to confirm the pre-eminence of national interests over European co-operation.

In the U.K., the Labour Government is preparing to nationalise the aircraft industry for internal political reasons. While this will not affect the co-operative projects that are already in progress, public ownership could well complicate any further attempt to develop closer links with Europe.

The EEC Commissioner for Industry, Signor Altiero Spinelli, continues to battle for a more effective Community industrial policy. He argues that governments are intervening more and more in industrial matters and these interventions could have a distorting effect on the Community as a whole.

He suggests that the Commission should play more of a co-ordinating role, drawing up general economic objectives and attempting to influence, though not to control, investment decisions: this would apply particularly to those areas which are notoriously liable to over-capacity, such as chemicals and fibres. He would also like to see a strengthening of the Commission's financial institutions so that they could play a more positive role in stimulating investment and exports.

These proposals do not appear to have elicited much enthusiasm from member governments. In a period of severe recession it is not surprising that governments and industries should look first to national solutions for protection; the political difficulties of delegating to Brussels responsibility for key industries are obvious. It is significant that even in a sector where the Commission does have regulatory powers—the steel industry—it has not yet been able to take effective steps to ease the competitive pressures.

The French urged some months ago that the Commission should declare a situation of "manifest crisis" in the Community, paving the way for the imposition of import controls and minimum prices. So far the Commission has refrained from taking such drastic action.

Salvation

In the end the steel companies will have to work out their own salvation. In the U.K., for example, the British Steel Corporation is examining the possibility of financing a stock-building programme in order to maintain output during the recession: at the same time it is pressing the Government and the unions to authorise drastic reductions in manning levels. Other European steelmakers are facing financial problems of almost equal severity.

In these circumstances neither companies nor governments are attracted to visions of supranational co-operation. What is continuing, nevertheless, is a gradual knitting together of European industries. For U.K. companies, this means a steady drive to enlarge and strengthen their manufacturing and sales operations on the Continent: GKN's bid for Sachs, one of the larger German motor component makers, is a recent example of this trend. There are indications, too, of greater interest on the part of Continental concerns in establishing or acquiring a manufacturing base in the U.K.

Although there is still a long way to go before a genuine common market is created—progress in removing non-tariff barriers to trade is disappointingly slow — steady progress towards industrial unification is being maintained, not through intervention from Brussels, but from commercial decisions taken by individual companies.

Geoffrey Owen

EUROPE . . . THE BASIC STATISTICS

	Population (m.)	Gross National Product: Year	Gross National Product: Total (billions)	Gross National Product: Per capita	Trade 1974*: Imports (billions)	Trade 1974*: Exports (billions)	Trade 1975*: Period	Trade 1975*: Imports (billions)	Trade 1975*: Exports (billions)	Trade with U.K. 1974†: Imports £m.	Trade with U.K. 1974†: Exports £m.	Trade with U.K. 1975† to end-Sept.: Imports £m.	Trade with U.K. 1975† to end-Sept.: Exports £m.	Exchange rate (£1) (Dec. 1)
U.K.	55.9	1974	£81.4	£1,455	£23.1	£18.5	Jan.-Oct.	£18.0†	£15.4†	—	—	—	—	
France	52.5	1973	Frs.1,136	Frs.21,788	Frs.254	Frs.223	Jan.-July	Frs.137	Frs.137	915	1,349	814	1,226	Frs.8.88
West Germany	62.0	1974	DM995	DM16,043	DM178	DM230	Jan.-July	DM103	DM127	1,011	1,893	894	1,452	DM5.28
Italy	55.4	1974	L 97,182	L 1.75m.	L 26,608	L 19,677	Jan.-May	L 9,463	L 8,595	510	723	394	579	L 1,381
Netherlands	13.5	1973	Fls.167	Fls.12,410	Fls.91.7	Fls.88.5	Jan.-May	Fls.37.5	Fls.36.6	982	1,637	805	1,312	Fls.5.82
Belgium and Luxembourg	10.1	1974	Frs.2,141	Frs.212,000	Frs.1,154	Frs.1,097	Jan.-June	Frs.539	Frs.530	838	730	630	894	Frs.79.6 (comm.) Frs.81.8 (fin.)
Denmark	5.0	1973	Kr.165	Kr.32,575	Kr.60.5	Kr.46.9	Jan.-June	Kr.27.6	Kr.24.4	427	577	312	460	Kr.12.3
Ireland	3.1	1974	£3.88	£932	£1.6	£1.1	Jan.-Oct.	£1.6	£1.4	820	810	831	656	£1
Turkey	38.3	1973	£T295	£T7,893	£T53.4	£T21.3	Jan.-June	£T34.3	£T8.9	105	35	103	23	£T31.0
Yugoslavia	21.1	1973	306 dinars	14,618 dinars	128 dinars	64.7 dinars	Jan.-June	66.8 dinars	34.0 dinars	83	31	69	17	37.1 dinars
Greece	9.0	1973	484 drachmae	53,991 drachmae	131 drachmae	60.9 drachmae	Jan.-April	67.1 drachmae	20.4 drachmae	105	68	91	44	71.7 drachmae
Spain	35.2	1973	Pts.3,543	Pts.101,635	Pts.886	Pts.409	Jan.-June	Pts.487	Pts.222	260	262	218	192	Pts.120
Portugal	8.7	1973	Esc.287	Esc.33,516	Esc.113	Esc.57.5	Jan.-May	Esc.42.0	Esc.20.7	186	236	121	151	Esc.54.55
Sweden	8.2	1973	Kr.219	Kr.26,907	Kr.70.0	Kr.70.4	Jan.-June	Kr.38.5	Kr.36.8	723	929	606	642	Kr.8.91
Norway	4.0	1973	Kr.109	Krs.27,515	Kr.46.5	Kr.34.4	Jan.-July	Kr.29.6	Kr.18.5	334	408	283	481	Kr.11.21
Finland	4.7	1974	Fmks.78.9	Fmks.16,850	Fmks.25.7	Fmks.20.7	Jan.-July	Fmks.16.4	Fmks.11.5	228	493	194	279	Fmks.7.86
Iceland	0.22	1973	Kr.92.4	Kr.433,944	Kr.52.6	Kr.32.9	Jan.-July	Kr.41.1	Kr.26.3	21	13	18	11	Kr.338
Austria	7.5	1974	Sch.617	Sch.81,912	Sch.168	Sch.133	Jan.-July	Sch.93.9	Sch.74.4	153	204	119	152	Sch.37.45
Switzerland	6.5	1974	Frs.139	Frs.21,528	Frs.42.9	Frs.35.2	Jan.-July	Frs.20.6	Frs.19.1	600	717	480	493	Frs.5.39

* Source: IMF Financial Statistics. † Source: Department of Trade.

A success story

IN A YEAR in which the Community has had little to crow about, Common Market officials are quick to point to relations with the developing world at least as being a success story.

Certainly, the completion of the trade, aid and co-operation convention between the Community and 46 African Caribbean and Pacific countries in Lomé, Togo, in February this year and the co-ordinated EEC response to the demands of the developing world at the UN Special Assembly in September must rank as important pluses in the development of the Community's identity.

But on the debit side, there was a failure by member States to implement the Commission's plans for a programme of aid to non-Lomé developing countries and the lack of progress in completing negotiations with the Community's southern neighbours, in the context of what is conceived as a global Mediterranean policy.

But first the success story. It was at the end of January this year that 18 months of negotiations on what has come to be called, after its signature in Togo, West Africa, the Lomé Convention, were finally completed.

The concept of the convention first emerged during Britain's EEC entry negotiations. France and Belgium's former colonies in Africa had enjoyed a special trade and aid relationship with the Common Market from its early days through the Lomé Convention. It seemed natural, therefore, that the arrangement should be extended to include the developing commonwealth countries of Africa, the Caribbean and the Pacific.

But what started out as a simple extension of the EEC's association arrangements with independent Africa, ended up at the beginning of this year as a new model for relations between the developed and the developing world.

This was essentially due to two factors. One was the energy crisis and raw materials boom, which both gave the ACP countries (as they were soon called) fresh confidence in their negotiating posture and shocked the EEC into recognising it had an interest in being more responsive to the needs of the Third World. The other was the remarkable political unity forged by the ACPs themselves during the course of the negotiations, despite their widely diversified interests. In fact, by negotiating with the ACPs as a bloc, the Community probably did more to help break down the barriers between anglophile and francophone Africa in 18 months than was achieved in the previous 15 years.

Partners

The net result is that the convention is very different both in tone and content from its more paternalistic Yaounde predecessors. The Lomé preamble states that the two sides are "anxious to establish, on the basis of equality between partners, close and continuing co-operation in the spirit of international solidarity." It establishes unfettered access for 99.2 per cent., of the ACP's exports of both industrial and agricultural products towards the EEC, which in 1973 were valued at $7.6bn. (the exceptions, inevitably, are certain products covered by the Common Agricultural Policy).

Unlike Yaounde, the Lomé Convention places no obligation upon the ACP countries to provide reciprocal preferential access or EEC exports; it merely insists that the EEC should have non-discriminatory status *vis-à-vis* other industrialised, but not developing, countries.

Its most revolutionary aspect is the inclusion of a commodity export earnings stabilisation scheme (Stabex) covering 12 commodities of key importance, particularly to the poorer ACPs.

Another new element is provision for industrial co-operation, which aims at giving the mainly primary product based economies of the ACP countries a growing stake in world industrial production and trade.

But many of these elements have yet to be implemented. The convention will not come fully into force until early next year after it has been ratified by the member countries. Only the trade provisions have been set in motion under interim procedures and these have not been without their teething troubles.

The most notable was the workings of the beef protocol. The Community agreed to allow ACP beef exemption from the EEC's general beef import ban, but, while not charging duty, it originally insisted that the beef must still be subject to import levies.

The net result was that the countries affected, Botswana, Kenya, Malagasy Republic and Swaziland, found it totally impossible to ship to their traditional market, Britain, at anything other than a loss. The eventual outcome was an agreement under which the countries concerned charge an export tax nearly equivalent to the levy and keep the proceeds themselves. The beef now enters the Community free of levy but at a price which will not undermine the Community beef price.

If other problems which arise as the convention is implemented are resolved in a similarly sensible way—the solution did strike a blow at CAP doctrine—then it promises to develop into an agreement between the developed and developing world which both sides can be proud of. Certainly, on paper it represents the most serious comprehensive effort to date to bridge the gap between the world's rich and poor.

To what extent will this more generous Community response be reflected in the wide development framework? What was surprising was the extent to which the Nine were prepared to adopt a common stance at the "new economic order" discussions at the UN Special Assembly in September. The pity was that they went on to spoil the atmosphere by failing in October to agree on a programme of aid to non-associated developing countries. The original Six's tendency to believe that the Community's development aid responsibilities did not go beyond associated countries was a British criticism before EEC entry and subsequently an item on the "renegotiation" shopping list. The outcome was a Commission proposal to channel aid worth 100m. units of account (£40m.) a year towards non-associates in 1975, rising to 200m. units of account by 1980. For the time being, however, it is blocked by a combination of German financial stringency and French reservations about giving away a card that could be used in the forthcoming oil producer-consumer dialogue. But in the meantime, it does the Community little credit.

Much the same goes for the EEC's food aid policy, where there continues to be foot dragging over the plan endorsed by most participants to the 1974 World Food Conference for a doubling in the international food aid efforts to 10m. tons a year.

But however painfully slow the progress on these issues, there was reason to hope that another of the community's grand "foreign-relations designs," the global Mediterranean policy would have made substantial progress this year. Agreed to in principle in 1972, the policy aims eventually to establish a free trade area between the EEC and its Mediterranean neighbours by means of a series of parallel preferential agreements covering trade, aid and movement of labour.

As it is, a combination of the Community's time-honoured practice of taking months to decide anything, plus a number of setbacks beyond its control, have combined to produce a dismal record of progress.

Incomplete

The only agreement to be completed is that with Israel. Negotiations on the parallel (and more substantive) agreement with the three Maghreb countries, Algeria, Morocco and Tunisia are still incomplete. A pact with Malta has been frustrated by a last-minute disagreement over the amount of financial aid to be included. Negotiations with Spain were suspended following the Franco regime's summary trials and executions. And talks with the Mashraq states, Egypt, Syria, Jordan and Lebanon have yet to get off the ground.

That said, perhaps the first six months of the coming year could see important parts of the jigsaw falling into place. EEC officials believe that as regards the Maghreb it is only a matter of picking the most opportune time for one final hard negotiating session, possibly soon, to see the emergence of an agreement. Some gestures of internal reconciliation by Franco's successor King Juan Carlos, and the negotiations with the Community would be resumed and probably completed without a great deal of difficulty.

The beginning of negotiations with the Mashraq may also not be far off. The Brussels Commissioner responsible M. Claude Cheysson, recently toured the capitals of the countries concerned, with a view to testing the temperature for preparation of a draft Community negotiating mandate. By the end of next year, therefore, there is reason to hope that the Community will at last have a global Mediterranean trade policy worthy of the name.

Robin Reeves

ENERGY POLICY

No cohesive agreement

ENERGY has assumed such political and economic importance in nationalist terms in the past few years that it is hardly surprising that the European Community is finding it difficult to reach a common energy policy.

But what is more surprising, perhaps, is the fact that the member countries, which are only now getting to grips with their own energy plans, have managed to achieve so much accord up to now. They have, for instance, agreed on restrictions for the use of oil and gas in power stations and the maintenance of minimum stocks of fuel in case of another energy emergency.

Furthermore, all members are firmly committed to an energy conservation policy, using the pricing mechanism to a varying degree as well as actively seeking alternative fuels to imported oil. Conservation and the general depressed state of national economies have already had an energy-saving impact. Last year Western Europe used 1 per cent. less energy than in 1973 and 7 per cent. less than had been expected for 1974. Figures for the first six months of this year show a further fall so that the rate of consumption is now almost 15 per cent. less than previously expected.

Even if the EEC economy grows at 4 per cent. per annum over the next 10 years, an energy conservation programme should ensure that overall energy requirements do not grow at more than 3 per cent. a year. This should result in a saving of around 250m. tons of oil equivalent in 1985—not much different from the probable North Sea production in that year.

The agreements so far achieved are important, although clearly a long way short of a tangible, cohesive energy policy. Nevertheless, they indicate that discussions are far more fruitful than often attributed to the EEC energy negoiations and that it is not merely a case of the energy "haves" and "have-nots" arguing against each other.

Special

True, Britain stuck out resolutely for its own seat at the North-South conference on energy and raw materials but that may have been a negotiating ploy to win other concessions. Even so it does hold a special position. It is reckoned that by 1980 it will be the only energy self-sufficient nation in the EEC: that by 1985 its North Sea and Celtic Sea oil will account for 90 per cent. of EEC's total oil production and that, in the same year, it will be producing 45 per cent. of total EEC energy output.

While Britain is fortunate in having its own supply of oil and gas on its doorstep, it is not alone in being in a favoured position. West Germany has its large coal resources as well as a small amount of oil and gas; the Netherlands has large gas resources. And, as has been pointed out within the European Commission, each country has the opportunity of developing its own energy resources—the build up of nuclear power is a prime example.

Just how fast the various energy sources should be developed and in what proportion is one question taxing individual countries, the EEC and the wider International Energy Agreement, set up within the framework of the Organisation for Economic Co-operation and Development (OECD) in November, 1974. Each has a common objective: to reduce dependence on imported oil by undertaking long-term co-operative efforts on conservation of energy, on accelerating development of alternative sources of energy and on research and development.

As things stand the Community aims to reduce its dependence on fossil fuel imports from the present 60 per cent. of total energy requirements to around 50 per cent. at least, and 40 per cent. if possible, by 1985. It is becoming accepted that the 50 per cent. dependence is the more likely outcome, although this will partly be influenced by the speed of nuclear power expansion in Europe.

The build-up of nuclear power is one of the thornier problems within Europe. Some projections have put the amount of installed EEC nuclear capacity at 200-225 GWe by 1985, a forecast which now looks extremely ambitious. Current national plans indicate a capacity of nearer 160 GWe (including 56 GWe for the French and 45 GWe for the Germans) and even here some of the expansion plans look doubtful.

Professor Peter Odell, director of the Economic Geography Institute at Erasmus University, Rotterdam, and an authority often quoted on European energy matters takes, as usual, a more optimistic view of Europe's energy potential. In delivering the Stamp Memorial Lecture before London University last month he said that the North Sea basin in itself offered "the possibility of a long-term supply of indigenous oil capable of bringing the dependence of Western Europe on foreign oil down to almost a derisory level." He argued the case for deliberate energy autarchy in Europe in which coal and water power might account for 15 per cent. of energy requirements, nuclear for 10-15 per cent., and indigenous oil and gas for a further 50 to 60 per cent.

The professor also raised the question of the "haves" and "have-nots" helping each other. Those that had oil and gas supplies should agree to a rapid depletion policy and receive a somewhat more modest price for each barrel sold than that which could be obtained short-term on the OPEC controlled market. In return, those "have not" nations should use North Sea oil on long-term arrangements in preference to other oil, even if the OPEC cartel introduced much lower prices.

This leads us to the idea of minimum safeguard pricing levels for oil, now being canvassed within Europe, through both the IEA and the EEC. Britain would certainly favour such an arrangement, provided the price was set at a realistic level, for it would act as a safety net. As M. Henri Simonet, vice-president of the European Commission, commented in London recently, a modest fall in world oil prices by around $3 a barrel over the next five years could put North Sea fields in real trouble.

The minimum safeguard scheme would take effect if the world crude oil prices dropped substantially. The level of this safety net is still being negotiated but it is likely to come out at between $8 and $9 a barrel—a substantial drop on current prices but still above pre-crisis levels. The idea is that investment in North Sea and other energy sources should not be knocked by uncertainties in future pricing structures.

Another proposal which should give the producers a measure of confidence is the establishment of guaranteed off-take levels if world prices fall appreciably in relation to Community costs of production. In addition, the Community is formulating proposals for underwriting investment in its oil and gas production so as to ensure a reasonable rate of return. As M. Simonet commented: "The Commission feels that it has defined the principles for common action. Now the urgent necessity is to translate these principles into a further series of concrete actions."

Inevitably, total agreement on all facets of an energy policy is a virtual impossibility. The IEA and the EEC must come up with a form of proposals sufficiently wide-ranging to meet all the divergent interests of member nations but, at the same time, kept to the strict minimum to ease negotiations. It is a difficult equation, but one which needs to be right to ensure that Europe has the means and confidence to maintain its economic place in this increasingly competitive world.

Ray Dafter

A better understanding

THE U.K. legislation to introduce the general licensing of banks and other deposit-taking institutions expected shortly will be one of the first important signs of change resulting from British membership of the European Community. The form it is expected to take, re-affirming the position of the Bank of England as the supervisory authority and supporting its traditional flexible approach to its task, can also be regarded as a significant reflection on the impact the U.K. has made on the EEC in return.

Mr. Gordon Richardson, the Governor of the Bank of England, has recently drawn attention to the implications of he new measures in relation o the Bank's activities. These have already been considerably extended as a result of the measures taken to tighten up ontrol over the banking sector n the wake of the secondary banking crisis. But the new ules, required to fit in with lanned measures to harmonise anking regulations within the EEC as a whole, imply that the Bank's controls will extend even more widely to take in all those eposit-taking institutions which ow would not be regarded as ualifying for the title of bank" proper.

The resulting clarification of le status of banks and other stitutions compared with the ncertain situation which has iled in the past in the U.K. ill represent a step forward. ut the important point is that e Bank and other national thorities will retain their ntral supervisory authority ithout being inhibited by tailed regulations imposed by e EEC as had originally been it forward by the Commission.

Virtually unanimously the ty institutions welcomed the eferendum result earlier this ar and the convincing conmation of the U.K.'s particition in the Common Market. nkers and insurance men m the company and the oyd's market argued that ntinued membership of the EC offered the only satisfacy way of safeguarding the untry's future, and of ensuring the continued prosperity of the City.

The support for EEC membership has not, generally speaking, been based on any outstanding evidence so far that it has produced a major expansion in the UK's banking and insurance activities on the Continent. The enthusiasm which greeted the original prospect of entry has been markedly tempered by experience since, which has in some ways proved a considerable disappointment. In particular, the absence of any real progress towards ideals of economic and monetary union within the Community—which indeed have looked progressively further away—have destroyed hopes that within a fairly short period the whole EEC would be opened up as a single free market for banks and other financial institutions. At the same time, the chance which some observers saw initially for London's international experience in banking and insurance to establish the City as a dominant influence in European markets has been proved unrealistic.

Horizons

Moreover, it has become clear that the international character of the City's activities demands the maintenance of horizons extending well outside the Common Market and, in some contexts, protection of the ability of the institutions concerned to continue unhindered operations in areas such as North America. It is felt that it would be a serious mistake for the City to turn inwards to the EEC market, and the banking and insurance institutions have continued to spend much of their time and effort in developing activities outside Europe.

Nevertheless, it is clear that U.K. membership of the EEC has significantly changed the direction of thinking in the City and in a number of ways has brought a more European slant to recent developments. One particular example was provided recently by figures showing that U.K. life assurance companies doubled their premium income from Europe last year to £107m., a rise attributed to the substantial growth of business in European subsidiaries acquired after U.K. entry into the Community.

In banking, again, European thinking has been taking an increasing hold. The big banks have extended their representation on the Continent in various ways, including both direct branch and office development and in some cases — particularly National Westminster — building up links with local institutions. And it has taken shape particularly in the development of specifically European banking relationships such as the EBIC grouping (including Midland Bank) with its growing world-wide representation and the Abecor link-up including Barclays.

While the efforts of individual institutions have been directed towards developing their representation in the EEC, however, it is in the building of the basic legislative and regulatory framework which will govern future expansion of the banking and insurance industries that much of the most important work has been done. In both cases, London had important interests of its own to protect. Both banking and insurance have developed into major international industries with the help of the traditionally free and flexible approach to regulation adopted in the U.K. And in both cases there has been concern to ensure that these activities should not be inhibited by changes following U.K. accession to the Community, while at the same time, in insurance particularly, there has been a general recognition of the potential importance of opening up Europe to free competition and the opportunities this could offer to the London market.

The problems of retaining flexibility came out particularly in relation to banking, where the original draft proposals for harmonisation of banking supervision would have imposed a rigid legalistic framework on the authorities and greatly restricted the Bank of England's flexibility in this area.

The present proposals involve in effect setting up an "umbrella" directive requiring prior authorisation for deposit-taking institutions, and laying on the authorities of each individual country the responsibility for ensuring that such institutions have adequate capital and that they are run by people regarded as competent and honest.

As the Governor pointed out, the move implies a further extension of the Bank's authority to cover deposit-taking institutions beyond the range of accepted banks. And there is some feeling in London that it could mean eventually setting up some kind of insurance fund—to replace the ad hoc "lifeboat" arrangements on a permanent basis—to protect small depositors. But it leaves the Bank free to work out its own regulations for each individual institution, as it has already indicated in its plans for more detailed banking supervision. Over time, the experience of the Bank and other European central banks will be brought to bear in the important contact committee which will provide a channel for regular discussions of supervisory activities and a forum in which it may be possible eventually to arrive at general agreement on the basic rules which banks should follow.

Influence

In the efforts towards achieving free competition in the insurance business within the Community progress has been slow, but some important steps have been taken and the U.K. has again had a significant influence. One particular achievement, necessary before any agreements could be made effective, has been recognition of the unique character of Lloyd's as an underwriting institution, which could benefit its members in countries such as West Germany and Italy. And the City's efforts have been aimed particularly at retaining a reasonably liberal approach to insurance regulation, vital to its interests as the one major international market in the EEC.

One important step should be taken in February next year when the directive providing for freedom of establishment in non-life business is due to come into effect, setting up the principle that insurers may open branches in other member states. A similar establishment directive on life business is in the pipeline, and could appear next year. There have been problems, however, with perhaps the most important proposals from the point of view of the London market, the freedom of services directives, particularly for non-life business.

The freedom to compete for business across national frontiers is clearly implied by the Treaty of Rome (and indeed recent European Court judgments have suggested that in principle it already exists) and is regarded in the City as a necessary condition of a free market in insurance in the Community. But the competition, as well as being free, has also to be seen to be fair—and differences in national regulations governing insurance and in taxation arrangements are seen as an obstacle.

Nevertheless, the progress made in the past three years has been considerable, if only in achieving greater mutual understanding of the attitudes of the various countries of the Community. The importance with which the EEC developments are regarded is sufficiently indicated by the Bank of England's promotion of Mr. Peter Cooke to take over the job of head of its supervisory department while retaining his existing responsibilities for liaison with the EEC.

Michael Blanden

REGIONAL POLICY

The Community's 'human face'

IS NOW three years since EEC Heads of Government, eting in Paris shortly before accession of Britain, Ireland, Denmark, expressed their ire to see the Community uire a "human face." In t time, the Nine have estabted the EEC Regional velopment Fund and nched their 1974-76 Social ion Programme. Both, in ir differing ways, are igned to soften the effects industrial modernisation and npetition and, as such, could ntually become important ars of economic integration. few who are familiar with nmunity ways would have ected anything very dramatic have developed very quickly er either programme. In event, their launch ncided with the industrial ld's worst economic reces- in more than a generation, ally exacerbating some of the strains the two pronmes were intended to ease.

...inly

he Regional Development d is, of course, too small and benefits spread too thinly. r the three years to the end 1977 it will have at its disal some £540m. to help nce employment-creating or guarding projects and new astructure projects in the nmunity's development areas. s is less than even the Comsion had originally proposed though it is more on an ual basis than the Social d has been able to disburse.

The establishment of the d and the size of its initial owment was one of those cal Community comproes. On this occasion, the main enders were the British, and Italians, who saw nselves as being the Fund's cipal beneficiaries, and the t Germans, who knew that main financial burden would on them. Indeed, it was ng these negotiations that phrase that Germany could onger be the Community's h cow was coined.

was West Germany, too, h wanted the benefits of the d to be concentrated upon Community's poorest areas er than spread all over, ring-can fashion. But here n political reality has to be gnised. Every membere has its own kind of onal problem. Denmark has North Jutland and Greenland, the Netherlands Groningen and Limburg, Belgium has Wallonia, France has Brittany and the South-West, and Germany itself has Lower Saxony, the border areas, Berlin and—like its neighbours—traditional coal and steel areas which are now in decline. The richest countries' poorest areas may be better off than southern Italians or Irishmen. But you cannot yet expect German, Belgian or Dutch politicians to commit political suicide for the sake of those who live in the Community's furthest reaches.

Indeed, it was noticeable when the first tranche of bids was sent in last summer that the West Germans' own applications were spread over much of the country. The German list even included new swimming pool projects to assist the local tourist trade (these particular applications were subsequently withdrawn). But it was not only the Germans who had not geared themselves up in time to fit in with the Fund's requirements. After all, it was Britain which submitted bids relating entirely to Government advance factories.

Moreover, the U.K.'s own equivocal attitude towards the concept of "additionality" hardly entitles it to play the role of critic. Formally speaking, the rules of the Fund require Community disbursements to be additional to existing national expenditure on regional aids, rather than a substitute. The furthest that Britain has gone towards subscribing to this idea is to say that the Community's funds will permit greater aid than would otherwise have been available—the present advance factory programme being a particular case in point. In the meantime, the Government has no wish to relax its control over public expenditure by letting local authorities in the development areas go off on a "spending spree" on EEC money or by giving individual firms more than they are entitled to under the present structure of regional incentives.

As Britain's net receipts from the Fund during the present three-year period will amount to only £23m. a year, the Government's argument may appear rather academic. In any case, as the assurances offered by other countries are probably no more bankable, the question of additionality has been shelved for the time being. In the meantime, officials in Whitehall are going through the meaningless ritual of selecting quarterly lists of projects to submit to Brussels. Not one of the projects will see any of the Fund's money—including those which will appear in the final 1975 tranche later this month. They are all cyphers in a paper game played between Brussels and London.

Dangerous

The game could, however, be a dangerous one. The Fund has after all been launched for a trial three-year run. The decisions about its future shape and size—and even perhaps its continuation—will fall due in another two years' time. In the meantime the fund may be treated as a "budget-sharing" exercise, but it has been constructed so as to pave the way for a rather different form of Fund in the future, one in which there could well be a measure of direct Community intervention in regional policy and certainly Community selection of aided projects on the basis of the regional development programmes prepared by member Governments. The end of 1977, furthermore, will see not only the expiry of the present Community programme of harmonisation of State aids, but also the fulfilment of the last Conservative Government's pledge to maintain the present framework of regional incentives until the end of the transitional period for U.K. Community membership.

Likewise, the Social Action Programme may appear to amount so far to a lot of talk stretched over a very broad front. The programme consists in all of almost 30 projects, ranging from pilot poverty studies and special help for migrants, the handicapped, and school leavers to new European directives on equal pay and mass dismissals, and a recommendation for a standard 40-hour working week with four weeks' annual paid holiday, but this flank of the Community's efforts like its fledgling involvement in regional questions, has to start somewhere. What is important is to see that the momentum is now built up.

Colin Jones

EUROPE VIII

FRANCE

Decisive change of tempo

WHEN President Giscard d'Estaing, shortly after his election 18 months ago, ordered the tempo at which the "Marseillaise" is played to be slowed down, he was making more than just a musical judgment. It was almost as if he was telling his countrymen that, after the turbulence of France's past history, the time had come to take a more relaxed and dignified view of their destiny. The building of "an advanced liberal society," to use M. Giscard's own terminology, called for less haste and more speed, less obsessive concern with grandeur and grand designs and more fundamental social reforms to match the impressive economic progress which France has made during the past decade.

This more mature view has, not surprisingly, upset members of the old Gaullist establishment who still pine for the days when General de Gaulle successfully fostered the illusion that France could more than hold its own against the super-Powers. But the Presidential election results showed that even M. Georges Pompidou's more restrained brand of Gaullism had run its course and that the country was ripe for change. Indeed, it was only by a very small margin that it did not opt for a much more fundamental change of direction.

The realisation by the Gaullists that their popularity was waning and the continuing success of the Socialists at recent by-elections which has served as a warning that a Union of the Left victory is still a distinct possibility at the next Parliamentary election in 1978, has turned the Gaullist U-D-R Party into a reliable, if critical, ally of the President.

Support

Marshalled by M. Giscard's Gaullist Prime Minister, M. Jacques Chirac, whose personal loyalty to the President seems to be as firm as ever in spite of any long-term ambitions which he may harbour, the UDR's support has given the Government a solid majority in the National Assembly. The social reforms which have been adopted — ranging from the legalisation of abortion, liberalisation of the divorce laws and lowering of the voting age to 18 to unemployment benefits equal to 90 per cent. of wages for one year—are undoubtedly a considerable achievement. But they have chipped off only the tip of the iceberg of the inequalities of French society, typified by a tax system which, as is generally admitted, very much favours the rich.

The more fundamental reforms on the stocks — a capital gains tax and greater worker participation in industry—have been noticeably slow in coming and any meaningful regional devolution has been virtually ruled out by the President. There is now a widespread feeling that the initial momentum has been lost and that M. Giscard's reforming zeal often tends to be more verbal than real.

Naturally enough at a time of economic crisis, this growing disillusionment with the Government's policies has extended to the economic field, though the gravity of the world recession has prevented discontent from spilling over into serious social unrest. At any other time, the unprecedented number of unemployed—more than 1m. at the last count—would have sparked off massive strikes and demonstrations, but the autumn this year on the labour front has been surprisingly mild.

It is arguable whether the Government should have taken more energetic measures to stimulate the economy much sooner than it did. Certainly, the OECD Secretariat advised it to do so and, by their own admission, the French authorities entirely misjudged the timing of the upturn in the American and German economies.

But they were not alone in their error, and M. Chirac made what some economists consider to be a valid point when he said recently that it would have been *unwise* to stimulate the economy while the inflation rate was still 12 per cent., order books empty and businessmen running down the large stocks which they had built up in 1974 in anticipation of high growth. To have pumped large sums of money into the economy under such conditions would have aggravated inflation without producing a recovery of economic activity.

Be that as it *may*, the Government took a risk in ignoring the Frenchman's traditional sensitivity to high unemployment and September was clearly the ultimate deadline for taking action. It has come as some surprise that, in spite of the pessimistic predictions of all but official economic forecasters that the benefits would not be seen until February 1976, the Frs.30bn. (about £3.3bn.) reflationary package adopted in the autumn, coupled with earlier piecemeal measures, is already beginning to have its effect.

According to the latest survey conducted by the National Institute of Statistics, businessmen's expectations have improved significantly over the past two months and the industrial production index is expected to jump from only 109 in September to 115-117 by the end of this month.

The clearest sign of an imminent recovery have come from domestic order books for consumer goods, particularly motor-cars and household durables, which are beginning to fill up rapidly at a time when stocks are still being run down. This is encouraging news no doubt, but hardly sufficient to cancel out the black side of the picture. Unemployment is still rising above the 1m. mark, the cost-of-living index is once again going up by about 0.8 per cent. a month after being down to a rate of 0.5 or 0.6 per cent. in the summer and the trade balance is looking decidedly shaky.

Thanks to the long series of monthly surpluses earlier this year the total trade surplus for the first ten months still exceeded Frs.7bn. (about £770m.), but there was an adjusted deficit of as much as Frs.1.6bn. in October. Unless there is a vigorous recovery soon in France's traditional export markets such as W. Germany the trade figures can only deteriorate further next year as the resumption of demand at home pulls in more and more imports.

Unlike Britain, France, which does not have such a large income from invisibles and which is not a major capital market, has never been able to regard trade deficits with equanimity. Equilibrium has always been a major objective and this helps *to explain why M. Giscard was* so keen on organising the Rambouillet economic summit. Despite the widespread international scepticism about the results of that meeting, the French President considered the joint undertaking to avoid all protectionist measures and the Franco-American agreement on intervention to stabilise the dollar, however vague, as worthwhile achievements.

Rightly or wrongly, the French believe that the erratic fluctuations of the dollar in recent times against other major currencies under the floating exchange rate system have disrupted trade and have contributed to the depth of the current world recession.

But the new understanding on exchange rates with the U.S. is also welcomed by the French for other than economic reasons. Ever since his election, President Giscard has made it clear that he wants to avoid the kind of unproductive clashes *with the Americans and others* which used to occur under his predecessors. The new-style French diplomacy is pragmatic and long-suffering. If agreements are not reached at one meeting, efforts are made to find compromises in the longer run. Over-dramatisation of differences is carefully avoided and this has made France altogether an easier country to live with internationally than under General de Gaulle or even President Pompidou.

Inevitably, this more congenial behaviour has provoked the wrath of the Gaullist "Old Guard" who still believe that a country's international prestige is in direct proportion to the fuss it kicks up. The Soviet Union, too, has interpreted France's greater friendliness towards the U.S. as necessarily indicating closer French ties with NATO and a cooler attitude towards Moscow. But, on closer analysis, President Giscard's foreign and defence policies *have deviated* little from traditional Gaullist principles.

Emphasis

The emphasis is still on independence from both the super-Powers and NATO, an independent defence policy based essentially on a national nuclear force and East-West détente. Giscard's Government, it is true, has lately shown greater readiness to co-operate with other European NATO nations in specific fields such as arms production, but only on a strictly inter-governmental basis.

Nor are President Giscard's international *initiatives — in* spite of the derision which sometimes greets them—lacking in imagination or effectiveness. It is interesting to note that the creation of the European Council of Heads of Government, which now meets regularly, the forthcoming North-South conference between oil producers and consumers and the Rambouillet economic summit were all Giscardian proposals which were practically laughed out of court when they first came up. That they finally materialised was largely thanks to Giscard's unspectacular but persistent diplomacy.

France thus continues to be as active on the international stage as it always has been. It is just behaving less aggressively and that in itself can be seen as a sign of a new self-confidence and maturity engendered by a comparatively long period of economic prosperity and political stability.

Robert Mauthner
Paris Correspondent

WEST GERMANY

Solid contribution

WHEN ALL the European agreements and disagreements of the last year are totted up there can be no doubt that West Germany comes out with a solid credit balance in terms of its contribution to the development of the European Community. There may have been German impatience at European procedures and there may have been German bickering at the ill-controlled deployment of Community funds, but underlying all this was a solid commitment to the European ideal. There has never been any doubt that of all the nine member states Germany is spiritually one of the most prepared to surrender some of its "sovereignty" to Brussels and to Strasbourg.

West Germany runs itself well, and has been able to ride through economic recession and still find the ministerial time to do an "internal stocktaking" of the development of Europe and launch a new foreign policy.

It has gone over to the offensive—some would say too offensive—in trying to tighten up European procedures and cut down on European waste. Partly this has been hard-headed self-interest in that Germany pays 30 per cent. of the cost of the Community. But it has also been the genuine displeasure of Chancellor Schmidt at seeing something loosely run and suffering from the illusion that any criticism of the way that the Community is run must automatically be regarded as "anti-European."

The Rome summit is over and Britain appears to have made exactly the same mistake that West Germany made when it made a fuss over the Community budget in September and October. After a lot of strained exchanges it has agreed to climb down over the separate representation at the consumer-producer energy dialogue. The argument may have registered Britain's special feelings about energy in the minds of its partners, but it has done nothing to bend the Community's position on energy and raw materials more around those special feelings.

West Germany was moved to exasperation over the Community budget at the end of September. Having managed to get cuts in the non-agricultural sector of the budget, Bonn then huffed and puffed about the farm sector, which accounts for 70 per cent. of the total. Hackles were raised and it appeared that Germany was on a straight confrontation course with France, which is the main beneficiary of the Common Agricultural Policy. Then suddenly the Germans caved in, apparently unsure of what they wanted or of what they could reasonably expect. Once again, a sensitivity was registered, but little concrete was achieved.

In the meantime the U.K. has reappeared once more as the villain in the European piece and Germany's ideas have become clearer. Bonn has come to the conclusion that it is only by agreements at the highest level—between the Heads of State — that the necessary impetus can be given to the Council of Ministers to reconcile the opposing interests of member states. Permission to make painful compromises cannot be generated below, but must come down from on high. *At first sight this principle* seems to have been proved effective in the way in which Britain was coaxed into accepting European representation at the Paris dialogue.

Germany's hopes for improved budgetary control within Europe also appear to have moved a step nearer reality in Rome. Germany wants one of the 13 members of the European Commission to be a "Finanzkommissar." He should have rights equivalent to those of a national Finance Minister, with a power to veto spending proposals which he feels the Community cannot afford. Germany also wants to see the Council of Foreign and Finance Ministers come together before the Commission presents its budget for the coming year. They should have a basic debate on the aims of Community spending and thus establish irreversibly what growth each sector of the budget should show in the year ahead. They should also develop non-binding estimates of spending further into the future.

Stimulus

While the economic recession has hindered progress towards European unity, it has, if anything, been a stimulus for the development of West Germany's broader foreign policy. The oil crisis and the slump in German exports in 1975 were both reminders of West Germany's dependence on the world economy and of the great threat to its prosperity of a possible confrontation with the raw material producing countries. *Germany's leaders launched a* two-pronged campaign designed to ward off such a confrontation and to present a return to international protectionism. Chancellor Schmidt concentrated on relations between the developed countries of the world, preaching continuously how they must co-ordinate their economic policies in a common attempt to get themselves out of a common slump. His efforts, in harness with those of the French President, bore at least symbolic fruit at the recent economic summit in Rambouillet, with its general commitment to avoid protectionism and its agreement between the French and the Americans to settle for a *system of floating but stabilised* exchange rates for the time being.

Hans-Dietrich Genscher, the German Foreign Minister, meanwhile proceeded to profile himself with a determined campaign to promote good relations with the Third World. His message to them all has been that world economic interdependence is now indisputably established and that all countries face a common choice of whether to work together for more prosperity or to go into overall decline. Herr Genscher and senior officials from the German Foreign Ministry have travelled widely this year trying to convey this message, and the Foreign Minister put it over strongly at the UN in October.

In Herr Genscher's view the most important thing to be achieved at the coming "dialogue" between consumer and producer countries in Paris is to convince the raw material suppliers that a free market system for the flow of commodities will do more for prosperity than a turn towards cartel-building. What Germany, and other industrialised countries, must offer in return is a dropping of tariff barriers to goods from the developing countries, and, in some cases, systems of "stabilised export earnings" (as opposed to *stabilised prices)* for raw material exporters. Further it must be made plain that a global "free market" system offers developing countries greater independence from one-sided "traditional relationships" with countries like the U.S. or Japan.

With Ostpolitik ticking over rather in the background, West Germany has thus devoted a fair amount of effort to European and more international foreign policy in a year of recession. Its efforts in Europe may have generated more heat than light, and Chancellor Schmidt's somewhat abrasive style may have raised fears *among other member countries* that West Germany was increasingly tending to become the steamroller of the EEC. But it remains a fact that the overall push has been in the direction implicit in the Community's original ideals.

Internationally Germany has done a service to the Nine and to other countries in the developed world. It has been a credible ambassador with the message that co-operation rather than confrontation between "north" and "south" must be to everybody's advantage.

Admirably

Germany has been able to devote some of its energies in these two spheres because it has *steered its economy through a* threatening period without crisis and because of political peace at home. Unemployment may have risen to a record level of over 1m. this year, but the closely-woven net of German social security has taken the strain admirably. Meanwhile the ideological centres of gravity of the governing coalition of Social and Free Democrats and of the opposition Christian Democrats remain remarkably close by the standards of most other countries. There has also been an apparent abandonment of political extremes by German voters under economic conditions that would *normally be expected to give* those extremes a following.

Next year will not be so internally comfortable. The economy looks set for only a slow recovery and unemployment will remain high. The employment issue will probably become central to the general election campaign. The campaign itself will take up part of the time of the Chancellor and of his Foreign Minister, and will dominate the attention of the country. It is therefore possible that West Germany will be more inward looking in the year of economic recovery than is has been in the year of recession.

Nicholas Colchester
Bonn Correspondent

The fragile raft keeps afloat

THE IMAGE most frequently ɪsed here to describe the cur- ɾent Government led by Prime Minister Aldo Moro is that of a 'fragile raft." It is an image equally relevant to the position of Italy as a whole as the coun- ry seeks to keep afloat in the midst of this, the deepest post- war recession, which has ex- cerbated both the severe struc- ural problems of the Italian conomy and the profound poli- ical and institutional crisis rough which the country is assing.

In economic terms the down- ırn came relatively late, but ith exceptional sharpness, in ıe autumn of last year—al- ıough the tail end of the 1973 oom carried the country ırough into an overall 4.5 per ent. growth in GNP for 1974. his year the statistics are immer in every sense except ose for the balance of pay- ents and the rate of inflation. fficial GNP estimates have own progressively bleaker as e year has worn on, so that en the latest forecast of a 3.5 r cent. GNP decline this year beginning to look slightly timistic.

Industrial production in Sep- mber was 9 per cent. down on e already depressed figures of the year before, while for the first nine months as a whole the average drop in industrial pro- duction was over 12 per cent. Moreover, these statistics do not include the building and con- struction industry, which is deeply depressed.

The decline in economic activity on this scale has cer- tainly slackened the pressure of inflation generally. But low plant utilisation, high interest rates and the cost of keeping labour on short-time working means that cost inflation is still rampant in industry. The latest official statistics point to an 18 per cent. inflation rate for the year as a whole, which is below the 25 per cent. of 1974 but still dangerously high.

The economic slowdown has helped the balance of payments too. The non-oil deficit has been completely eliminated and huge strides have been made in eliminating the oil elements as well. Indeed, Bank of Italy Governor Paolo Baffi recently told a Parliamentary commis- sion that this year the overall payments deficit is likely to be only \$300m., or \$1,200m. if one takes into account repayment of some \$900m. of foreign loans.

However, the fact that Italy still has over \$14bn. in foreign loans to repay and that the payments improvement was due largely to de-stocking and lower imports because of the recession gives an indication of the kind of external restraints Italy faces over the next few years.

What is more, the full impact of the recession on employment is only really starting to be felt now. For over a year industry has tended to carry excess labour on a short-time basis rather than sack workers in the face of strong union opposition. But the decisions by Pirelli and Leyland Innocenti to lay off 1,500 workers each are merely two examples of a trend now sweeping through the economy as an increasing number of companies reach breaking point.

Emigrant

There are now over 1.2m. unemployed and hundreds of thousands of new entrants des- perately seeking their first job. What is more, thousands of emigrant workers have re- turned from Switzerland, Germany and elsewhere to swell the numbers. The situa- tion is extremely grave and has led the trade unions to adopt a negotiating stance for this autumn's labour contract negotiations for over 4.5m. workers in key sectors like engineering and chemicals where employment takes priority over salary questions.

Unfortunately, however, the Italian salary and social security structure is such that good intentions of this kind are virtually impossible to trans- late into reality because of the fact that social charges borne by the employer add roughly 50 per cent. to wage costs. Thus even a moderate increase in salary has a multiplying effect on overall labour costs. This is one principal reason why employment in industry has steadily fallen over the past decade compared with an expansion in the tertiary sec- tor, including the bloated local and central government bureaucracy.

This is one indication of the nature of the structural crisis afflicting the economy, which has seen a progressive erosion of the role of private industry, a pathological increase in the indebtedness of industry in general—principally to the banks in the absence of an efficient capital market—a con- tinual expansion of the state sector—which, against its will, has assumed an increasingly "hospital role" for the take- over and running of bankrupt companies—and a growing im- balance between Italian overall labour costs and productivity *vis-à-vis* the country's inter- national competitors.

To a certain extent this is one of the consequences of the fact that Italy has what are probably the most forward- looking trade unions in Europe, which unfortunately happen to be operating within one of Europe's weakest industrial systems.

Overall the unions have played a stimulating role within Italian society and form a major cohesive element in a society showing increasing signs of disorganisation and confusion. But — and it is a big but — trade union policies have inevitably added to the rigidities of a formerly flexible system and contributed to that low-investment, low-growth, low-employment syndrome which has been exaggerated to the limits of disintegration by the current crisis.

Yet it would be grossly unfair to blame the unions for all Italy's manifold ills. Apart from the fact that the unions them- selves are going through an agonising reappraisal of their role, it remains true that the major drag on the Italian economy is the huge cost and inefficiency of the bureaucratic structure of the country. Indeed the basic challenge facing Italy at this time is that of re-creat- ing the State in a modern mould to suit the needs of that industrialised and urbanised society which has developed over the past 30 years. The Christian Democrats and their allies have demonstrated that they are not up to the task. Would the Communist Party be able to do any better?

This is one of the key questions surrounding Italy's political and institutional future in the wake of the regional and local elections of June 15. On this date the Italian Communist Party pushed up its share of the vote by an unprecedented 5.5 per cent., which together with the Christian Democrat decline reduced the gap between PCI and CD parties from ten to a mere 2 per cent.

These election results created panic and confusion in Christian Democrat ranks, allowing the Communist Party to make even greater inroads into local and regional power than justified by its election gains alone. Two new and important regions — highly industrialised Liguria and Piedmont—have been added to the existing three "red" regions of Emilia-Romagna, Tuscany and Umbria.

The traumatic reduction of its power at a local and regional level has deeply shocked the Christian Democrat party. Sig. Benigno Zaccagnini, the Party Secretary who took over the reins in July after the demotion of Sig. Amintore Fanfani, has shifted the axis of the party Leftward and sought to establish new direct links with the Party's base and by- pass the old tired generation of party bosses. But he faces strong resistance from those whose positions are threatened.

The Socialist Party too is looking around for fresh leaders and a convincing political line in order to increase its own share of the vote, and put itself in a better position *vis-à-vis* both the CD and PCI, which at present are both three times as large as the Socialists. The decline of the Christian Democrats, the deep splits within the Social Demo- crats, the tendency for all the minor parties to lose ground and the experience of the French Socialist Party, which has managed to overtake the Communist Party as leader of the French Left, all lead the Socialist Party to believe that it now has a possibly unique opportunity to gain a more powerful conditioning role as regards both the major parties.

Organised

But the fact remains that the Italian Communist Party is by far the best organised party in Italy. Furthermore, its vision of democratic Communism has not only persuaded one in three Italians to vote for it but also made it a powerful pole of attraction for other Communist parties in Europe, including the small British Communist Party.

The recent joint statement signed in Rome by the French Communist Party Secretary George Marchais and Italian Party Secretary Enrico Berlin- guer marked an important step in the intensive diplomatic activity undertaken by the Italian Party, which in effect has made the PCI the principal ideology of the Communist Parties of Southern Europe.

This is a situation which does not appear to please Moscow, which has made frequent signs of its concern over the creation of a grouping whose declara- tions of independence and belief in "bourgeois and popular liberties" must sound very at- tractive in Prague and Warsaw —not to speak of the dissidents asking for such liberties with- in the Soviet Union itself.

But the seductiveness of the Italian model does not please the State Department either. U.S. spokesmen like Dr. Kissin- ger and Ambassador John Volpe have gone out of their way to express concern at the idea of the PCI shortly coming into power both in relation to NATO and the great power balance in the Mediterranean. This is in spite of the fact that the Italian Party insists that it does not wish to disturb the great power balance by taking Italy out of NATO.

But if the Great Powers them- selves are apprehensive about the potentially disturbing im- plications of Communist entry into the government arena in Italy, the PCI itself has made no secret of its own hesitation about accepting power nation- ally other than within an over- all coalition which guaranteed an overwhelming degree of popular support for such a gov- ernment.

This is the essence of its "historical compromise" policy aimed at creating a new broad alliance of Catholics, Socialists and Communists united on a broad policy of social, economic and institutional reform. But the dilemma of Italian politics is that the PCI has neither the desire nor the numbers to govern alone, while it is just too strong for the Christian Democrats or Socialists really to trust as a member of a coalition. The nightmare of the PCI is that of finding itself with one-third of the votes at the next general elections but neither the Socialists nor the Catholics willing to take the plunge and form a government which included Communist Ministers.

It is precisely because there is still no clear alternative in sight that Sig. Moro's "fragile raft" is still stoically drifting. As ever, Italy is blocked into that immobility which stems not from the absence of conflict and vitality but rather the infinite complexity of competing and countervailing forces whose sum total in any one direction still tends to cancel out neatly the moves in another. But the pressures now building up indicate that Italy could well be approaching a turning point whose exact location has yet to be determined.

Anthony Robinson
Rome Correspondent

BELGIUM AND LUXEMBOURG

Hard times ahead for both

BELGIUM IS stuck deep in nomic crisis and it is look- . increasingly likely that the nomic crisis will provoke a litical crisis perhaps the other e of Christmas. The Govern- nt led by Mr. Leo Tindemans an unhappy coalition with a ky majority in Parliament l dependent on the votes of ill-disciplined and incon- ent French language party, Rassemblement Wallon. Its nomic strategy has met with sistent rejection at the hands of the unions, and the weak position of the administration in Parliament means that if economic measures cannot be agreed by consensus they prob- ably cannot be agreed at all.

The facts of the crisis are easily documented. Unemploy- ment is more than 185,000 which means that by the end of the year one in twelve of the working population could well be jobless. Prices are likely to suffer a 10-11 per cent. inflation over the year, despite the fact that since the beginning of May there has been a special regime of price controls, starting with a two month freeze which has been relaxed over the final six months under a system of pro- gressive decontrol. Industrial production towards the end of the summer was running seven points below the previous year's level, and this disguised the very savage cut-backs in some sectors, notably the Walloon-based steel industry. The balance of payments for Belgium and Luxembourg is likely to end in surplus. In the first eight months of the year the overall balance showed a Bfrs.15bn. surplus against a Bfrs.27.2bn. surplus for the same period of last year, while the current account surplus was Bfrs.30bn., which was well up on last year's Bfrs.22.6bn. thanks to a strong improvement in the exports of goods and ser- vices, which were in surplus to the tune of Bfrs.43.9bn. The negative factor is the about- turn on capital movements from Bfrs.3.2bn. credit last year at the eight months stage to a deficit of Bfrs.10.2bn. this year.

What matters most of all for the Belgian economy is the in- flation in industrial costs. Half of Belgium's workforce depends on exports for its jobs and Bel- gium claims to be the world's largest per capita exporter. It has few basic industries of its own—there are no Belgian cars, for example—but is a fabricator par excellence. This means that the success of its exports are linked very closely with costs— both production and currency costs. To remain competitive in exports is necessary to Belgian economic life and it is the mounting alarm at the progress of industrial costs which is the background to current Belgian politics.

Retired

It is now reckoned that Belgian wage costs in manufac- turing industry are at American levels, and while the Belgian franc has retired from its leadership of the snake, it is still above the D-Mark. The key to the rise in costs is the unique Belgian system of indexing wages to the cost of living, not retrospectively, but almost simultaneously with price increases. This means that any bump in the index caused by, for example, the late arrivals of new potatoes on the market, leads to a permanent wage increase.

The Belgian unions remain wedded to the indexing system, and Belgium is one of Europe's most heavily unionised countries. Although the union leaders agree in private that the existing system requires some modification, they are not willing to deliver an indexing package to a Centre-Right Government when it is being opposed by the Parliamentary Socialist opposition.

After initiating substantial monetary reflation over the summer by the unfreezing of a variety of special deposits schemes, the Government tackled the indexing system head-on after at the beginning of October. Its package con- sisted of three elements. The central part was a proposal to alter the index by widening the intervals between triggers or by making compensation awards much more retrospective. It also planned to alter the basis of the index by reforming the ten-year-old basket, consisting of fewer than 150 items, in favour of a new weighting intro- ducing, for example, strongly stabilising factors like mortgages and rents.

To try to persuade the unions to buy this item it offered fancy packaging in the shape of extended price controls, a rent freeze, dividend freeze and cuts in directors' salaries and, above all, a law establishing a public holding company, which would be given the task of expanding the State sector in industry.

The employers, whose major interest was in the indexing changes, were also promised some easing of their social security contributions burden, easier investment finance, improved export credit facili- ties and a regime of low interest rates.

This package was presented to the two sides of industry in a long two-day session, but the unions would not buy it. It then went to Parliament shorn of its wage control chapters.

The Government remitted its proposals back to the two sides of industry to be discussed in the course of the 1976 wage settlements. It became the major demand put forward by the employers, who also sought to restrain salary increases in 1976 to what cost of living in- creases justified.

By this time the unions had their own anti-crisis proposals and demanded that anyone who chose should be able to retire at the age of 60 (55 for women) so as to make room for the employment of some 40,000 young jobless. The employers refused this on grounds of cost, though they thought they might come around to retirement at 63 for those who wanted it. The negotiations broke down.

In the light of this deadlock the Government stitched together a hasty compromise which drew back from any attempt to tackle the structural problems in the economy. The essential feature of the new package, which was unveiled in the second week of November, was the extension of collective wage deals due to expire before the New Year until the end of September, together with sharp retribution for companies seek- ing to give non-wage benefits instead. The index system remains untouched, so that the wages freeze will still allow in- creases to be paid when the cost of living rises.

This is combined with a system for one year only of early retirement for those who want it at the age 62-64 for men and 58-59 for women, to be financed out of a special tax on companies making above average profits in 1976.

Incomes will cease to be indexed when they reach B.Frs.40,000 a month (£500), while the rent, professional fees and dividend freeze remains, as does the help with industry's social security contributions.

Even without the economic crisis the Government is in trouble over another major issue —local government reform. The plan to merge some 2,359 local government areas into 590— being rammed through Parlia- ment without amendment but provoking widespread protest— is a minefield which the Govern- ment is treading with uncharac- teristic abandon. This is par- ticularly true since the majority of the tiny communes being merged are in French-speaking Wallonia.

This introduces the Govern- ment's chief weakness. It is essentially a coalition of Social Christians (the Belgian version of Christian Democrats), who are Flemish and Catholic in character, with the Liberal free enterprise party. However, the Government is dependent for its majority on the votes of the 13 representatives in Parlia- ment (of which four have Government office) of the federalist French language party, the Rassemblement Wal- lon. The lack of discipline of the latter and its failure to sup- port the Government in certain important areas outside Parlia- ment (for example, regional council elections) has placed sharp strains on the coalition, particularly since the Liberals have begun to slap the RW's knuckles in public.

What this adds up to is a Government which can preside and which can administer but which can hardly rule. It is for this reason that a number of people in industry itself are beginning to wonder whether a Socialist Government led by men who have a reputation as canny and tough bargainers might be necessary to break out of the political immobility which is affecting Belgium at present. Unless Mr. Tindemans can add a touch of hard determination to his undisputed reputation for tolerance and humanity, his Government is unlikely to enjoy a prosperous new year.

Recession

Luxembourg's lack of size has not helped to shield it from recession. This little country of 350,000 inhabitants tucked into the hinge of France, Germany and Belgium is expect- ing a 5 to 7.5 per cent. decline in GNP over 1975, and the Liberal - Socialist coalition Government is not betting very hard on a recovery next year. At the same time it forecasts a roughly 3 per cent. annual growth in the years 1976-80 against a 3.5 per cent. average economic growth level for the 1968-75 period.

One of the major influences on the future—as it has been in the immediate past—will be the steel sector. ARBED is not only one of Europe's major steel producers; it is also the largest employer in the Grand Duchy. This year it is expecting losses of Frs.Lux.3bn., with turnover cut by a third, output by a quarter, and prices some 25 per cent. below last year's levels. It sees no hope of recovery in sight.

Domestic consumption is ex- pected to remain relatively buoyant, for the wage awards in 1975 have brought significant real increases to purchasing power, while the raising of tax thresholds and the linking of personal income-tax rates to the price index have also tended to maximise disposable incomes.

The unemployment situation looks rather better than it is thanks to the Government's preference for shortening hours of work rather than laying people off, and its resort to public works programmes. Anti- recession expenditure in 1975 is likley to amount to around Frs.Lux.762m., while additional expenditure outside the 1976 Budget of around Frs.Lux.293m. is envisaged to cover public works programmes, subsidies to companies to undertake public works, unemployment payments and special assistance to the railways.

David Curry
Brussels Correspondent

Domestic issues foremost

HOLLAND IS currently going through a very difficult period, both in economic and political terms. The problems are almost exclusively of a domestic nature.

Inevitably perhaps, the Dutch Government's European policy was described by a number of political parties as "uninspiring" and "lukewarm" during the recent general political debates in Parliament in The Hague. For a country that has always been particularly "European-minded," the current lack of progress on a number of important issues in the Common Market has been a frustrating experience.

Not surprisingly, a foreign diplomat remarked earlier this month that these days Holland's Premier Dr. Joop den Uyl was infinitely more interested in getting *domestic employers and* unions to agree on measures to cut down inflation than in the European ideal. The Hague Government's apparent inability to check the rapid rise in unemployment—it now exceeds 5 per cent.—has become a major political issue and a real threat to the Socialist-dominated Centre-Left Cabinet. Hopes of the Common Market countries jointly being able to pull up effective barriers to the recession have long been abandoned.

But whatever the pre-occupations of his fellow Cabinet Ministers, Dutch Foreign Minister Mr. Max van der Stoel, the foremost "European" in the Cabinet, now has real worries about Common Market developments. He said at a meeting in Brussels at the end of November that if no action was taken as soon as posible to widen the scope of the Market, the situation would get so out of hand that nothing would become of the plan for European Union in 1980.

Addressing a meeting at the Brussels Royal Institute for International Relations and the august Vermeylen Organisation, he urged the Nine to co-operate more closely, particularly as regards economic policy. Mr. van der Stoel added that intensive international co-operation and increasing co-ordination of policies in the EEC was the only chance of finding a way out of problems such as unemployment and inflation. The Community should also concentrate on common social and industrial policies.

In a way there is a fair amount of disappointment in Holland at Britain's lack of interest in establishing soon a united Europe and its attitude on a number of European issues has even been described as "Gaullist." With the Dutch always having been praised as an important force in getting Britain to join the Community, there is now even a trend among young Socialists to turn increasingly to France. Holland's extremely heavy dependence on W. Germany, which accounts for a third of Dutch trade, is not considered such a happy situation by them and the entry into Europe of a new Socialist government has not borne the desired fruit.

Although the Government was generally satisfied with the outcome of the recent Rambouillet meeting, there is distinct disappointment that several countries in the EEC, including Holland, were not included in the talks. "It is not right that the results should have been bought with a disregard for communal procedures," Mr. van der Stoel said at the Brussels *meeting. Adding that he was* content that such meetings are not being institutionalised, he said that the EEC had itself partly to blame for the development. "If one had made more progress as regards economic and monetary integration, the case would probably have developed differently."

Holland, the European base for a number of large multinational companies and an important energy (natural gas) exporter clearly does not want to be left out of international economic discussions. This is probably also the background of Dutch Finance Minister Dr. Willem Duisenberg's decision recently to call, in his capacity as chairman of the Group of Ten, *a meeting in Paris in* December for members to discuss international economic and monetary problems. In his mind was clearly an attempt to upstage the recent Rambouillet talks.

Besides making news at times through rather outspoken comments by Dutch Government officials on world affairs—a supposedly Calvinist trait which have earned the Dutch the title of the "schoolmasters of Europe"—Holland has made good progress on the subject of development aid. Whereas most Ministers have had to economise with regard to next year's Budget, Mr. Jan Pronk's Ministry of Overseas Development Co-operation may spend as much as Fls.2.81bn. next year, which is about 50 per cent. more than the Fls.1.86bn. allocated for aid this year. Thus one of the main goals of the present Cabinet—raising foreign aid expenditure to 1.5 per cent. of the net national income (1.22 per cent. of GNP)—will be realised next year.

The list of countries on which Dutch development aid concentrates includes Bangladesh, India, Pakistan, Kenya, Sudan, Tanzania and even Indonesia. It is noteworthy that Parliament has approved the giant expenditure programme for 1976 despite calls from the opposition to cut down on foreign aid in a period when the funds could be used at home to ease the unemployment situation. *Surinam (formerly* Dutch Guiana), which gained independence from Holland on November 25 this year, has now become a test case as far as development assistance is concerned. In all, around 130,000 Surinamese—over a quarter of the country's population—now live in Holland and most were attracted by better conditions here.

Holland is also still good for headlines as a result of the numerous attempts by Socialist Ministers to cut down on defence expenditure. In the past there has been fierce opposition from Nato partners to some of the proposals and in the end several have been watered down. Defence *Minister Henk Vredeling said* in Parliament in November that the Government hoped to be able to reduce the increase in defence expenditure by *Fls.230m. in 1977 and by* Fls.260m. the year after. "Whether we succeed in this will depend to an important degree on the progress in East-West MBFR talks. Pending the talks, we have committed ourselves to Nato to keep our troops at peace strength," he said.

Cyclical

The major political problem *to-day is connected* with the deterioration of the economic situation and, more particularly, with unemployment. Socialist Ministers, who had pledged to push back unemployment to 100,000 when they came into power two years ago, are now confronted with the prospect of the figure rising to almost 250,000 in 1976.

With Holland so dependent on trade for its prosperity, the high unemployment figure is partly a cyclical problem resulting from the recession and the declining demand for Dutch products. An unquantifiable part, however, is structural in nature. Wage costs have risen sharply in recent years and as a result Dutch industry has increasingly invested in labour-saving machinery, a main cause of the loss of jobs.

A few weeks ago the Central Planning Bureau in The Hague, on whose forecasts the Government bases most of its Budget *for next year, warned that the* general cyclical recovery is expected to set in later than first thought. Whereas the CPB still feels that the projected 3.75 per cent. growth of GNP may be achieved next year, inflation will not now be reduced to 8.5 per cent. as planned but remain at this year's level of just over 10 per cent. While unemployment will rise further, private capital expenditure will be 10 per cent. and not 5 per cent. below the current year's level.

To-day many companies are operating in the red and the Government is pursuing an active aid programme for companies in temporary financial difficulties. Basically the Government does not want to become involved on the management side, but the trade unions are now increasingly pushing for increased Government say *in such companies.* Besides complaining about the serious erosion of profits, Dutch companies are also worrying about what they regard as an "unfriendly attitude" to them on the part of the Government. In recent speeches Holland's Premier himself has called for greater trade union or employee influence over such sensitive subjects as company investment.

Although the central wage agreements for 1976 between employers and the unions have been broken off for the second consecutive year with the unions refusing to moderate further their wage demands, the business community has regarded as a favourable sign that the Government is now *apparently prepared to intervene* on the wages front. The Government wants to keep next year's rise in wage costs to a couple of percentage points below 10 and has pointed to the developments in West Germany where the Government again looks like containing inflation better than Holland does. Holland's eastern neighbour is not only an important trading partner but also a formidable competitor in world markets.

However, the unions are expected to try and resist a major Government intervention on the wages front if they do not succeed in securing progress in the form of industrial democracy and the proposed introduction, for example, of the VAD tax, a sort of company-retained capital growth tax, to create a fund which would ultimately be at the disposal of the employees.

In the longer term there are likely to be problems as to whether Holland will be able to maintain its reputation as being a "super-Welfare State" in Europe. The Dutch now enjoy unemployment benefits, retirement pensions and a minimum wage which are among the most generous in Europe, financed largely from the huge income from natural gas sales at home and abroad. The burning question is where the future funds will come from once the income from gas sales starts to go down, as predicted, towards the end of the century, assuming no major new gas finds are made in the Dutch sector of the North Sea.

Michael van O

Amsterdam Correspondent

TURKEY

Coalition survives but on shaky ground

PRIME MINISTER Suleyman Demirel has overcome the difficulties which threatened to undermine his coalition after the October mid-term election in Turkey and can now look forward with more confidence to remaining in power until the next general election in 1977.

But it will not be a comfortable stay, for either himself or Turkey. Although he has patched up his coalition, the 51-year-old Prime Minister is no more competent or powerful than before to deal with the pressing domestic and international problems besetting Turkey. His four-party Right-wing coalition, which calls itself the Nationalist Front, still lacks cohesion and discipline and Mr. Demirel the ability to take quick decisions or make them stick. To cite but one example, about 15 Turkish embassies abroad do not have ambassadors because Mr. Demirel has been unable to get his partners to agree on an appointment list.

Mr. Demirel's cabinet troubles started when his pro-private enterprise Justice Party (JP) made big gains at the mid-term elections, to the detriment of the smaller Right-wing *parties, including his coalition* partners. This led Mr. Necmettin Erbakan, chairman of the pro-Islamic National Salvation Party (NSP) and Mr. Demirel's most powerful ally, to re-assert himself.

Conditions

Mr. Erbakan placed a list of conditions before the Prime Minister to "improve the performance of the coalition." All Mr. Erbakan wanted to do, in fact, was to improve the faltering popularity of his party. He wanted more power over the civil service—already highly politicised and partisan—and a more pro-Islam oriented administration. (Mr. Erbakan is striving for an Islamic renaissance in Turkey.) In foreign policy he made hawkish demands—among them no territorial concessions in Cyprus and the severing of diplomatic relations with Israel.

At one point it looked as if Mr. Erbakan's demands might undermine the coalition. But Mr. Demirel gave in and the coalition lives.

This is hardly surprising since the overriding aims of the coalition partners are to survive and thrive. Mr. Demirel wants to use the spoils of power to rejuvenate his party's declining support and his own tarnished popularity. The bald and stout politician, who came to power with a majority twice, lost disastrously in the 1973 general election and his party dropped to second place behind Mr. Bulent Ecevit's Social Democratic Republic People's Party (RPP).

This defeat was a result of the splintering of the Right-wing vote which Mr. Demirel is currently engaged in uniting. Since he came to power he has made some progress in this direction. He has succeeded in splintering and partly annexing the Democratic Party (DP), the fourth biggest in Parliament. He is on the verge of doing the same thing to the small Republican Reliance Party (RRP), another of his coalition partners. (The fourth coalition partner, the neo-fascist Nationalist Movement Party, is too small really to count.) The longer he stays in power the better Mr. Demirel's chances of recouping his losses.

The same thing is true of Mr. Erbaken's NSP, which has a better chance to spread the light of Islam while in power. Mr. Erbaken, like the chairman of the other two coalition partners, is a deputy Prime Minister.

Although the coalition has good prospects for hanging on to power until the next general election, it contains elements of weakness which seriously affect its potency and performance. In the first place, the coalition's National Assembly majority is slim and dependent on the fickle support of about a dozen independent members. In the Senate, which has delaying powers, the coalition does not even have an overall majority. Secondly, the four coalition partners are in competition with each other, particularly the JP and the NSP, because all draw their support from the same segment of society. There is not much co-operation, co-ordination, cohesion or sympathy among the partners, *especially* between the biggest two.

These two factors, which will *remain constant as long as* the Nationalist Front is in power, have in the past hindered performance seriously and will do so in future. Too much time is wasted on party considerations and inter-party intrigues. There is too much bargaining among the partners. These have given rise to deep anxiety and discontent in the civil service, seriously reducing its effectiveness. This anxiety is shared by business circles and a wide segment of urban *society—as well as by the* students, who are once more engaged in bloody clashes. The NSP's pro-Islamic views, which are anathema to intellectuals and the army, are a particular source of irritation.

The Opposition benches are occupied by Mr. Ecevit's powerful Social Democrats. The RPP made the biggest gains in the October elections, reinforcing its status as Turkey's biggest party and the likeliest candidate for coming to power alone. Mr. Ecevit himself is without doubt the country's best-loved politician. The 50-year-old former journalist, who ordered the Turkish intervention in Cyprus during his short term in office last year, is sitting back and *waiting for the elections* which, he hopes, will bring him to power. He believes that the Nationalist Front will be unable to tackle Turkey's problems and lose the elections to the Social Democrats. There are many political observers who *share his views on this subject.*

At home the Nationalist Front faces many pressing issues which require strong and sustained measures, particularly in the economic field. Inflation, which has averaged about 25 per cent. since 1971, is running at just under 20 per cent. this year and has given rise to widespread but apparently baseless rumours of a devaluation. Unemployment has approached the 2m.-mark and will get worse now that the doors of Western Europe are closed to excess Turkish labour.

Biggest

The trade deficit in August stood at a staggering $2.3bn., the biggest in Turkish history and 98 per cent. more than in the January-August period last year. While exports dropped by over 17 per cent. in the first eight months of this year to $858m., imports grew by 44 per cent. to $3.2bn. This *deterioration in the payments position* has resulted partly from the increase in the cost of oil imports and partly from the severe decline in the world market prices of cotton as well as other major agricultural export commodities.

Part of this deficit will be closed with the remittances of expatriate workers, which amounted to $617.4m. in August, about $50m. less than in same period last year.

Up to the end of August the decline in net reserves amounted to about $1.3bn. and there is little evidence that the rate of decline is diminishing substantially. To bring about some recovery in the reserves the Government has attracted large inflows of hard currency *on so-called "convertible Turkish lira"* accounts—short-term liabilities to Euro-banks guaranteed by the central bank against exchange rate changes. These accounts totalled over $... by the end of August. ... currently, to increase ... modity exports, the Government has increased and expanded ... scope of the export tax re... system. It is as yet too ... however, to assess the extent ... which the new incentives ... affect exports.

Abroad, the most pres... issue is of course Cyprus, ... related to this, Turkey's ... relations with neighbour... Greece and *its depressed re...*tions with the U.S.

There is a healthy and gro...ing conviction among ... Turkish public that concess... must be made in Cyprus ... bring about a political se...ment. But here again the ... parity of views within ... coalition is the main stumbli... block. Mr. Demirel, although ... has not said so publicly, ... willing to make some ... cessions. But Mr. Erbakan ... opposed to giving an inch ... territory concession or ... settling some Greek Cyp... refugees in the Turkish ... 38 per cent. of the island... north. Since Mr. Erbakan ... the power to block any se... ment which he does not appr... of it is difficult to believe ... there will be any settlement ... all.

This is sad news both ... Cyprus and for the future ... Turkey's relations with the ... and Greece. It is quite possi... that if there is no progress ... the island the U.S. Congr... may re-impose the ban on ... supplies to Turkey which ... lifted partially and conditi... ally several months ago. W... with the atmosphere sullied ... the Cyprus problem, Turkey ... Greece will have little ch... to make progress in ... dialogue on their other ... standing problems—notably ... Aegean Sea conflict—and ... continue their dangerous ... race. It remains to be ... whether Mr. Demirel will ... able to overcome Mr. Erbak... objections and take some ... on Cyprus.

Metin Mu...

Ankara Correspo...

A growing voice in the EEC

! A WHOLLY understandable of pique, Ireland's Foreign inister, Dr. Garret Fitzgerald, .rely waited for the end of ·e recent Rambouillet Six-ıwer Economic Summit before undly denouncing it. At the ne,. most observers were still ·sily pondering the value of e meeting between the four ·gest members of the Nine, e U.S. and Japan. Dr. Fitz-rald, however, was far more ncerned over the Summit's ect on EEC unity.

He charges that the Ram-uillet conference had roused leep concern" among the five aller Common Market coun-es not invited, especially so :ause of the lack of prior con-tation within the Community. s chief point was that France, :st Germany, Italy and the K. had not only opted to it the solidarity of the Nine t, much more important, had ne so over economic, mone-y and trade issues. These he rnly reminded the errant ır, are "an exclusively Com-nity competence."

'ritation

)r. Fitzgerald's outburst was doubt partly occasioned by tifiable irritation at this eat to Community solidarity l also by just a hint of hurt de. In the first six months of year, Ireland's extraordin-ly successful Presidency of EEC Council of Ministers ought a miraculous transfor-tion of both Europe's view Ireland and Ireland's view the world. The tiny republic 3m. people that had seem-ly joined the Community two rs earlier on Britain's coat-s emerged almost overnight a resourceful and well-anised ring-master of the ropean circus. More impres-still was the energy and r devoted to forging the ropean ideals into accom-ıhments.

Repeatedly. Dr. Fitzgerald stressed that luck played a l in the success of his Presi-ıcy, citing the relaunch given to the Community by the Paris Summit last December and the coming fruition this spring of two major policy issues—British renegotiation and the Lome Convention aid and trade pact between the Nine and 46 developing countries. It is an engagingly modest disclaimer.

Ireland not only worked hard at making the Presidency a more active role, both inside the Community and in its external relations, but even before taking over on January 1 had meticulously prepared the ground for itself during the previous six months. Explanatory meetings with the whole Commission to discuss the working programme during Ireland's term and, once it had begun, assiduous attendance at the European Parliament's sessions accompanied by a new era of more open Press relations in Brussels all helped pave the way.

The Dublin Government had in fact taken a conscious decision to shine during its Presidency. As Dr. Fitzgerald explained to an Irish reporter during the closing stages of his term: "I think the success of our Presidency is very much to our advantage, because Ireland is to a very striking degree a net beneficiary from the Community, with receipts of well over £100m. this year, contributing about £7½m., and unless we can make a visible contribution, necessarily of a non-monetary kind, and gain goodwill from our positive approach, we are in danger at some time of somebody asking 'Why should we contribute so massively to the Irish economy? What do we get in return'."

Underlying any practical considerations, though, is the enthusiasm with which Ireland has espoused Europe as a welcome counterbalance to the British connection. Ireland still remains something of an economic satellite of Britain, dependent on the U.K. market for around half its export earnings as well as two-thirds of imported needs, but her status as an equal member of the EEC has inspired a new self-confidence.

The Irish are also not slow to point out privately that they are better Europeans than the British and the point was coolly underlined in March when Dublin hosted the Summit of EEC Heads of Government at which Britain finalised its renegotiations. And throughout his Presidency of the Council of Ministers Dr. Fitzgerald paid exemplary attention to strengthening and developing the institutions of the Nine.

National

As a small country, Ireland is relatively free of the considerations of national interest and influence that lead the larger Community members to sabotage European considerations. Although majority voting in the Council of Ministers has yet to be fully implemented, Dr. Fitzgerald lost no time in establishing a system under which items on the Council's agenda which do not require unanimity under the Treaty of Rome are isolated and Ministers invited to advance any national interests that they might wish to defend by using the veto. The effect has been to discourage abuse of the veto, and while decisions have generally been taken by consensus rather than majority vote, the Irish see this approach as a step in the right direction.

The successful conclusion of the British renegotiation was a major feather in Ireland's cap—and a considerable relief to the country, which would clearly have had to "renegotiate" its own terms if its biggest trading partner were suddenly outside the Community—and an achievement rivalled in importance by only two others during the Irish Presidency.

The Lome 55-nation Convention between the Community and 46 African, Caribbean and Pacific countries, which provides for greatly increased aid to and trade with the Third World, was the second. But the initiative of which Ireland is most proud was the third—the Euro-Arab dialogue that began in Cairo in June.

When its third working session drew to a close in Abu Dhabi at the end of last month it became clear that potential areas for economic and technical co-operation between the EEC and the Arab world were beginning to emerge from the dialogue, even if Arab demands for a political commitment by the Nine on the Palestine question continue to dog the talks. Ireland's initiation of the dialogue, by the Deputy Secretary of Foreign Affairs, Mr. Eamonn Gallagher, was similarly bedevilled by Middle East politics and was only prevented from being stillborn by Dr. Fitzgerald's Middle East tour, when he explained to Arab leaders the limitations of the EEC-Israeli agreement.

Selfless

If during nearly three years of membership, and the six-month period of the Presidency in particular, Ireland has appeared almost selfless in her approach to the EEC it is probably because to date she has had little cause for complaint. By the same token, Ireland is likely in the coming months to have to fight to protect her interests in a Common Agricultural Policy she would prefer left unchanged.

The plans outlined by West Germany for tighter control of the Community Budget, with the CAP's costs slashed, poses the first serious and direct threat to Ireland's enjoyment of the EEC. The Irish are already concerned at the possibility of an even more basically agrarian nation, becoming a fully fledged Community member, thus necessitating a re-division of the CAP cake. The probability is that 1976 will see a tougher Irish stance in Brussels than has been the case so far.

Giles Merritt
Dublin Correspondant

YUGOSLAVIA

Successes abroad, problems at home

THOUGH MOST European ıtries are approaching the of 1975 with their minds ıly on economic problems, ;oslavia is drawing up its ınce-sheet for the year with eye very much on foreign cy successes: though this not mean it has no ıomic worries.

erhaps one of the most :tacular achievements was settlement, after nearly 30 :s, of the border dispute ı Italy. Following months of et negotiation, the Parlia-ıts of Yugoslavia and Italy roved in October a formula :h became the basis of a ty signed on November 10. :ntially it acknowledged an and Yugoslav sovereignty : the two halves of the dis-:d Trieste territory which ı side had nominally occu-l for decades. The treaty backed by a far-reaching ıomic agreement which ıld cement relations at this :-strained border.

rogress has also been made relations with two other :hbours, Austria and :ce, though some minorities' ılems still remain. Con-:uously, no improvement has ı noticeable in relations ı Bulgaria, where the Mace-ıan dispute smoulders on.

ugoslavia has also derived sfaction from the signature the Helsinki Final Act, a ıment to which it feels it .e an important contribution which enshrines many of principles it holds dear: importance of the UN and resolutions, the tenets of the -aligned movement, stress sovereignty and non-inter-nce, and condemnation of nialism and discrimination. ırly, these all reinforce oslavia's independence as as, in Belgrade's view, ıing to ease international ions.

ut Yugoslavia also sees the document giving a wider meaning to detente in that it calls for many-sided co-operation between all countries, and that as well as Central Europe, it talks of the Mediterranean, a region closely linked to Yugoslav interests. The chapters on national minorities and migrant workers also have an obvious relevance to Yugoslavia.

The fact that Belgrade was chosen for the conference in 1977 to review the Act's implementation is seen as recognition of Yugoslavia's contribution. Meanwhile, preparations are under way to see what can be done to carry out the letter and spirit of the agreement.

Yugoslavia has also been involved in, though not as enthusiastic about, preparations for a conference of communist parties which have been going on for several months in East Berlin without much apparent success.

The idea of a conference of this kind does not hold much appeal for the League of Communists in Belgrade. But since the initiative came from the Italians and Poles, the invitation to participate was taken up provided the agenda and final document were acceptable.

Impossible

But the wide variety of views held by European parties has made agreement on a final document virtually impossible, apart from general declarations on the theme "The struggle for peace, co-operation, security and social progress in Europe." And it now seems unlikely that the conference will be held before the Soviet Party Congress in February.

Dr. Aleksandar Grlickov, executive committee secretary of the LCY, said this month that he thought a common political line for all communist parties was impossible and that even the idea of co-ordinating foreign policy was anachronistic.

Meanwhile Yugoslavia has intensified its campaign against internal opposition groups, the so-called Stalinists whose underground operations are believed to have been stepped up with the backing of certain centres abroad. Although Moscow has denied having a hand in their activities, the Stalinists, of whom many have been arrested in recent months, are being treated as traitors out to overthrow the self-management system and redirect Yugoslavia's foreign policy towards rejoining the "socialist family," meaning the Warsaw Pact and Comecon.

Yugoslavia has used the arrests as an opportunity to clarify the Soviet bloc's attitude towards Stalinist groups, and it appears to have received assurances that no support will be given to them or other opposition groups operating against Yugoslavia, whether at home or abroad. If these assurances are borne out in practice, they could greatly improve Yugoslavia's relations with the Eastern bloc countries.

As in much of Europe, 1975 has been a hard year economically for Yugoslavia. The west's recession has hit Yugoslav trade badly, particularly with the EEC.

In the first 10 months of 1975 the value of exports to developed countries dropped 21 per cent, compared to the same period for 1974, while the overall volume of trade was down by nearly a third. At the same time the value of imports from those countries rose only 3 per cent. and the volume actually dropped by some 7 per cent. But the resulting trade deficit was $2,700m., which was well in excess of invisible earnings.

A major reason is the continuing obstacles to Yugoslavia's exports to the EEC, the worst case being beef, which used to account for a large part of Yugoslav sales in that direction. It is true that high prices of Yugoslav goods have reduced demand for them, but it is nevertheless felt in Belgrade that, unless the EEC does something to ease the situation, Yugoslavia may be forced to take countervailing measures.

Selective

As it is, the Foreign Trade Ministry imposed a sweeping ban on imports last summer to staunch the flow. This is due to be reviewed at the end of the year and could be replaced by selective controls in January.

Internally, the situation has become more stable, largely because the economy is more depressed than last year. The rise in industrial production was sharply down in the first ten months at 5.9 per cent. compared to double figures in 1974. There is also comparatively high unemployment, though gains in productivity have been disappointing. The harvest was good, with maize at record levels. Even inflation appears to have subsided, but consumer prices will be up 20 per cent. over the year.

In the longer term, the Government is grappling with implementation of the new constitution's economic provisions. One of its main tasks is the better martialling of resources within Yugoslavia's highly decentralised decision-making system. Efforts are also being made to draw up a plan without overburdening the economy with bureaucracy.

Aleksandar Lebl
Belgrade Correspondent

Hard decisions for the new King

SPAIN HAS lost a dictator and gained a king. The normality of Madrid and other major Spanish cities until yesterday reflects both the simplicity of that single change and the fact that the régime and the State machinery have continued to operate with scarcely a hiccough. The explanation for this apparent political maturity of the country's 35m. inhabitants cannot be based on one factor alone, but more as a combination of 36 years' political nihilism (which in turns breeds boredom and disinterest), together with a desire to see change initiated from within and not imposed from without.

For the older generation the habits of three decades are hard to change. For the younger generation, who have only ever known Spain under General Franco, the dawning of a new era will only slowly become apparent. For King Juan Carlos the calm of the past fortnight is both a valuable breathing space and a profound danger. His speech to the Cortes after being sworn in as king was the very least he could say to the nation and probably the most he could say to that very conservative political faction he was addressing.

Because political language in Spain has been so debased during the Franco era, the King's promises of equality for all, the participation of all the people, his determination to protect the rights and freedoms of all the people meant all too little. Such phrases may have sounded fine to the rest of Europe, but to Spaniards anxiously hoping for the introduction of a more democratic system they could only ever be proved by positive measures.

Premature

While commentators may fairly judge General Franco after 36 years in power, it might seem a little premature to begin assessing Juan Carlos after two weeks. Yet he has made three important political decisions that must have an important bearing on the evolution of the country. First he granted a royal pardon which, apart from being a lawyer's nightmare due to the imprecision of its wording, has so far released only a small fraction of the country's political prisoners. Next he appointed Sr. Torcuato Fernandez Miranda, a pure Franquist and an ex-deputy premier, to the nation's top constitutional post—that of President of the Cortes. Finally he decided to allow Sr. Carlos Arias Navarro, chosen nearly two years ago, by General Franco, to remain at least temporarily as Prime Minister. The most optimistic interpretation that any would-be democrat can put on these three actions is that the King wishes to move with extreme caution and will only be prepared to countenance a slow and very gentle political liberalisation.

Pressure

It is doubtful whether such a policy will allow the King to take the initiative and then maintain it in front of what is bound to be mounting pressure for change. Few authoritarian regimes have ever managed to reform themselves from within and the big threat for Juan Carlos is that by the Middle of next year he will continually be reacting to events instead of initiating them and will thus fall increasingly onto the defensive. Hardline members of the regime, whose primary task must be to identify Juan Carlos as a continuation of General Franco, *may not find this too* difficult especially as they already have a head start. The onus is very much more on the King, if he so wishes, to demonstrate that he is his own man with a distinct style.

Ironically the King is probably stronger now than he ever will be again. The army is with him (despite some movements among younger officers), the vast bulk of the middle class is with him, as is the business community, and so too is an important part of the working class. There is little evidence that anyone other than some *Left-wing groups wants a total* break with the past and a Portuguese-style rush for democracy. But this passive alternative is a highly finite commodity, and if Juan Carlos is to survive he must quickly find an answer to protest and criticism that is not Franco-style repression.

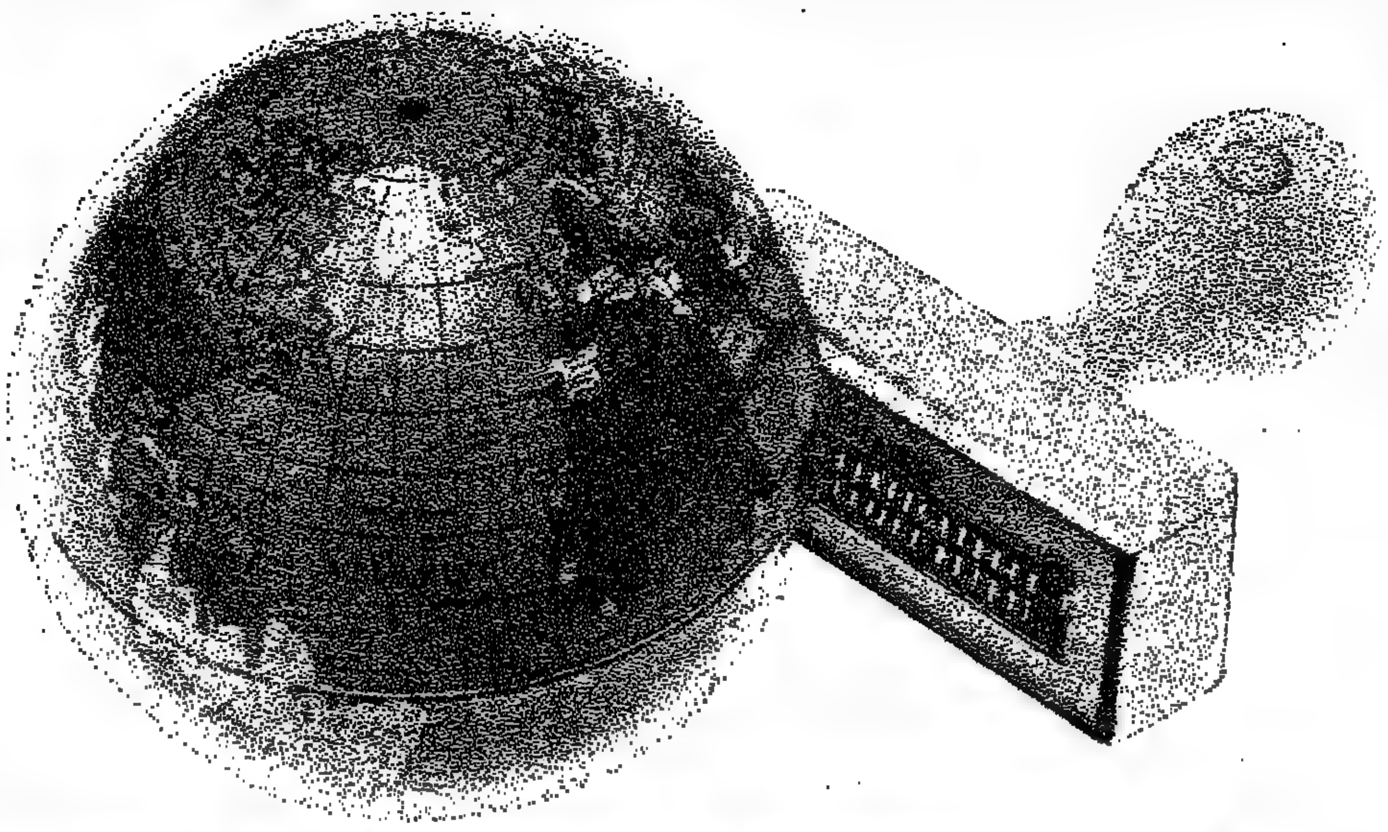
Most of the Left-wing parties totally reject the imposition of the monarchy under Juan Carlos and as a corollary claim that he will do nothing to assist the rightful political and economic aspirations of the mass of the people. This latter point will take on greater importance during the next few months as the Spanish economy fights to lift itself out of the worst downturn since the industrial miracle got fully under way at the end of the 1950s. Confident predictions of a hot autumn on the labour front have failed to be borne out, principally because the militant Left was holding its breath during the illness of General Franco and the Communists are desperate not to do anything to frighten the middle classes and the military in their all-consuming search for respectability. But with the Government having extended its decree limiting wage rises to the official cost of living index, plus three per cent. *in exceptional* circumstance, and the inflation rate likely to end the year with an increase of 15-16 per cent. There is little chance for any real increases in people's standard of living. This is a ripe breeding ground for discontent and there are already signs of mounting militancy now that the drama of the change in head of state is out of the way.

Serious

With this year's growth rate likely to be hovering around the zero mark, nothing more than 2 to 3 per cent. can be ex*pected at best in 1976, and this* will largely depend on the performance of other major Western economies. Equally the new government of the King will be facing a very serious balance of payment problems with the deficit on current account in 1975 expected to be not far short of \$3bn. Officials hope that the coming year will see this reduced to \$2.2bn. which means either a further large rise in foreign indebtedness or a big drain on the reserves, always a highly sensitive political issue in Spain.

The régime is currently limiting itself to highly selective and mild reflationary measures, principally aimed at ameliorating particularly heavy pockets of unemployment. The jobless total cannot be given accurately due to the nature of official statistics, but even Government departments are admitting privately that it is now in excess of 5 per cent. Industrialists are still very hesitant to speculate on an upturn in activity with some being unsure that the economy has even yet bottomed out. But the optimists would be happy with signs of an upswing in the final third of the year. For a country whose political stability has at least in part been based on annual growth *rates of 7 to 8 per cent.*, plus virtually full employment with plenty of people managing to hold down two jobs, the economy should be another cause of considerable concern to the King.

Roger Matthews
Madrid Correspondent



PORTUGAL

Brink of catastrophe

FOUR CHANGES of Government, two military uprisings and sporadic terrorism, plus industrial and civil unrest and the first free elections in almost 50 years have left Portugal suffering from a severe attack of political exhaustion as 1975 draws to a close.

The great danger the country now faces, however, is that of not being able to find the reserves of strength it will need in the months ahead if it is to pull back from the brink of economic catastrophe while at the same time introducing an element of order into its political process.

Many observers would argue that the 19 months since the April 25 coup last year will not have been entirely wasted if at the end the country is able to see more clearly what its fundamental problems are and what will be required to cope with them. The latest Left-wing uprising, on November 25, has at least ended one of the major political dividing forces—the row about what kind of structures the country should operate within as it constructs its revolution—although the direction of the revolution still remains to be settled finally. The victor's *in last month's rebellion have* made it clear that they are committed to carrying on the task of building "socialism."

But this will be done on a "pluralistic" basis, allowing the country's major political parties which are committed to a parliamentary system, to play a key part in the process.

Basically, those who were known locally as the "Goncalvists"—supporters of the former Communist-backed Premier—General Vasco Goncalves, who favoured a more "revolutionary" tinge to the country's government—saw the rug pulled from beneath their feet during last month's rebellion. Instead, a government broadly reflecting *the civilian power bases of the* major parties—the Socialists, the Popular Democrats, the Communists, despite their part in the events leading up to November 25—is expected to remain in office at least until next spring when free elections will be held to coincide with the formal introduction of a new constitution being drawn up by the Constituent Assembly as voted in on April 25 this year.

With the Left-wing barons of the military leadership now removed for their part, whether direct or indirect in aiding the November 25 rebellion, the Sixth Provisional Government, headed by Admiral Jose Pinheiro de Azevedo, is likely to be given a somewhat freer rein in deciding policy than it has enjoyed since it took office in September.

Inflation

The most urgent task facing Admiral de Azevedo and his Ministers is trying to restore some order to the country's economy, which is suffering from high inflation, stagnant production and the loss of the African colonies which were once its commercial preserve. Unemployment is expected to *be hovering around the half*-million mark by the end of this year, without taking into account the 300,000 Angolan refugees who fled penniless and jobless before independence and who are still mostly living in hotels or camps while the Government desperately tries to find a country willing to take them in.

By the end of September 56 per cent. of Portuguese businesses polled by the Finance Ministry reported that they were operating below capacity. In some sectors, like heavy engineering and shiprepairing it is believed that companies are operationally down to around 60 per cent. of capacity.

*The balance of payments con*tinues to deteriorate, with the deficit for this year expected to total Esc.55bn. (around £1bn. at the official rate of exchange). Foreign exchange and reserves have meanwhile dropped dramatically, while remittances from Portuguese working abroad have virtually dried up. Gold and foreign exchange reserves at the end of August were 28 per cent. lower than the corresponding month last year, totalling less than Esc.45bn., most of this gold which the Government cannot move in the present state of the gold market.

To a certain extent, the economic crisis now facing the country is the price it has been forced to pay for the relative political peace—and fewer Portuguese have died since the April 25, 1974, coup than have been killed by bombs in Britain. This has been done partly through manipulating the money supply and partly by allowing trade unions, freed from the fetters of legal restraints, to negotiate big wage rises for their members. Notes in circulation alone have risen from just over Esc.40bn. at the beginning of 1974 to almost Esc.120bn. by the beginning of *October this year.*

The Government has stated publicly that the national wage bill following the rises over the past 19 months is now bigger than the GNP, *itself expected* to show a 10-15 per cent. drop this year. To meet this, Portuguese now face a winter of extreme economic austerity, with a set of measures already drafted by the Government and expected to be implemented in the near future. Among the steps expected is a cutback in consumer spending by Esc. 35bn. through allowing officially controlled prices to rise and introducing higher taxes as well as controls on imports. Petrol, already the most expensive in Western Europe, is also to go up in price, and car owners are likely to find their week-end motoring restricted to alternate days. Rationing of certain basic foodstuffs is also among the expected measures.

Siege

A first step down the road to austerity was taken while the Lisbon military region was under a state of siege following last month's rebellion. The Revolutionary Council of the Armed Forces' Movement, still the country's supreme decision making body, announced a freeze on all wage negotiations until the end of the year, and it is thought that the freeze may be extended beyond this.

Pushing through such economic measures in the present political climate is likely to be extremely perilous for both the Government and the military leadership and will also provide the next test of the Left's capacity to mobilise itself. Cutting back on the relative prosperity individual Portuguese have known since April 25 last year will be dangerous enough without trying to turn back the nationalisation programme which has put around 65 per cent. *of the economy* under state ownership.

The will to go through with it now appears to exist among the civilian leadership as well as among the majority on the Revolutionary Council. The problem remains, though, whether the military will ever see itself return to barracks. The Government freely admits that the economic measures are likely to provoke sharp political hostility. When this hostility spills out into the streets, will the military once again find itself being dragged into the centre of the day-to-day running of the country?

Paul Ellman
Lisbon Correspondent

Catching up on lost time

THE ISOLATION of Greece from her European partners was one of the major setbacks the country had to suffer as a result of the military dictatorship which collapsed in July, 1974.

The association agreement between Greece and the EEC which went into effect in 1962 was to culminate in full membership by 1984. It envisaged, in addition to the Customs union, the development of economic and political co-operation.

The effect of the seven-year freeze on all procedures of the association treaty based on economic and political co-operation has been particularly severe in the agricultural sector, where harmonisation with European agriculture has been seriously delayed. Only progress in the establishment of the Customs union in the industrial sector has proceeded according to the provisions of the agreement.

Greece's imports from the EEC, which totalled $303m. in 1962, reached $2.1bn. in 1974, accounting for 45.7 per cent. of the Greek import bill. In the same period, exports to the EEC rose from $90m. to $678m., representing 38.2 per cent. of total exports. Of the 1974 exports to the EEC, $297m. were industrial goods.

Duties have been completely abolished on two-thirds of Greek industrial imports from the Community, while on the remaining one-third they have been reduced by 44 per cent. Greece is therefore already more advanced in the process of establishing a customs union than the three new member-countries of the Community.

Decision

In June last Greece formally applied for full membership of the EEC in an effort to catch up on lost time and opportunities. The decision of the Government to open negotiations for the entry of Greece into the Community on the same terms as Britain, Denmark and Ireland, not only constitutes a political move but is also the natural consequence of the progress made in the implementation of the association agreement.

On the political side the reasoning has been that once Greece becomes a full member of the Community this will deter potential dictators from attempting an overthrow of the parliamentary form of government. This argument has been criticised as unrealistic on the contention that the survival of parliamentary democracy depends entirely on the behaviour of the parliamentarians in Greece and not on any external factors or agreements with foreign institutions.

It was precisely the irresponsible behaviour of the politicians and palace intrigues which threw the country into political turmoil and allowed the seizure of power by a group of ambitious officers in April, 1967.

The Nine have pledged in principle to support Greece's integration, but tough negotiations lie ahead before the country can become a full member. The Government hopes this can be achieved by 1980 but some prominent economists say it is an optimistic forecast.

A crucial point to be negotiated will be the degree of financing to be extended by the EEC to help Greece make the necessary readjustments. The Greek side estimates that the EEC will have to provide finance to the tune of $500m. Of this, $312.5m. would be in the form of a subsidised loan for infrastructure works and the remaining $187.5m. a grant for the reorganisation and improvement of Greek agriculture.

The harmonisation of Greek agriculture, which requires radical changes in legislation and bank lending, is expected to be the toughest aspect of the Greece-EEC negotiations. An important share of Greece's exports to the EEC consists of agricultural products ($247m. in 1974). It is therefore essential to orientate Greek agricultural production to the needs of the European market by utilising to the full the possibilities offered by climate and technology in order to make it complementary rather than directly competitive with the production of other countries or regions.

The reason for opting for association status rather than full membership in 1962 was primarily to forestall any negative effects the grouping of the Six might have on Greece's trade and income, without exposing her underdeveloped economy too much to pressures from the larger Common Market area.

There are those who argue to-day that it would have been better to have forced the Greeks into full membership of the EEC from the outset. As an associate member Greece has had no power to impose her own views and this has been particularly true in the interpretation of the various protocols of the agreement affecting the export of Greek agricultural products to the EEC.

The upshot is that Greece now has to face a set pattern of well established institutions and interests, plus the difficulties EEC has been encountering in the past few years and which have made necessary a re-appraisal of the goals set by the Common Market founders.

When the colonels seized power they inherited a booming economy which allowed them to take credit for the average annual 8.9 per cent. economic growth over the years 1967-73. When they relinquished power in the face of the Cyprus crisis in July, 1974, they bequeathed an economy thrown out of gear and a country on the brink of war.

Recovery

With the proper mix applied by an able team of economists, such as Minister of Co-ordination Panayotis Papaligouras, Bank of Greece Governor Xenophon Zolotas, and the Bank's Deputy Governor Nicholas Kyriazides who handles Common Market affairs, the economy is now showing signs of recovery. GNP this year is expected to increase by about 3 per cent. (compared with a 3 per cent. fall in 1974) and inflation is being contained at about 17 per cent.

However, the limits within which reflation can be pursued are narrow because of the sizeable balance of payments deficit.

The possibility of a military confrontation over these differences has forced the two neighbouring countries to embark on an arms race which is bleeding their economies white. Greece will spend 41.2 drachmas (£588m.), or 24 per cent. of the 1976 budget, on defence and Premier Constantine Karamanlis has said this pace will continue in coming years "if peace is to be maintained within the framework of national dignity."

In the 16 months since he was recalled from 11 years of self-imposed exile to take the helm after the collapse of the junta, Mr. Karamanlis has followed a policy of moderation both at home and abroad.

On the Cyprus issue he has said that a final solution rests with the island's two ethnic communities, correctly gauging that no Greek government can endorse the division of the island and remain in office. He has, however, pledged political and material support to President Makarios.

The moral support has been mainly through diplomatic lobbying and the UN, where Turkey has been heavily defeated by resolutions calling for the immediate withdrawal of its occupying forces in Cyprus. The material support has been in the form of financial aid worth the equivalent of £11m. in 1975 alone, a further drain on the country's foreign exchange reserves.

Proposals by Mr. Karamanlis for broader Balkan co-operation are more of a technical and economic nature and must not be seen as a change in the Government's pro-Western policy. The likelihood of the Sovietisation of Yugoslavia in the post-Tito era is known to be causing some concern, since it would remove a large buffer zone along Greece's northern frontier.

Mr. Karamanlis is also under fire from Right-wing quarters for making what they consider excessive concessions to the Communists he brought in from the cold after being outlawed for 27 years. This has reportedly also irked junior officers who see their colleagues from the junta days brought to trial by the Government and humiliated by the Communists whom they have been taught to regard as the country's number one enemy.

The Communists and the Panhellenic Socialist Movement of Mr. Andread Papandreou, who together command 23 of the 300 seats in Parliament, are opposed to Greece's full membership of the Common Market. The Centre Union New Forces Party of Mr. George Mavros supports the Government's pro-European policy.

Royalist

There are indications that Royalist elements are forming an alliance with remnants of the fallen junta in an effort to create a situation necessitating the return of deposed King Constantine, ostensibly to unite the nation. The junta elements believe the king will grant a general amnesty embracing all those of their cell. Mr. Karamanlis' background, however, would appear to indicate he is not the man to yield to such pressures.

The big question is what will ensue if and when Mr. Karamanlis departs from the country's political scene. He seems to consider himself a panacea (somewhat reminiscent of the late French President De Gaulle) and does not appear to be concerned with his succession. It is no secret that his party will most likely come apart at the seams when he is no longer there to keep a firm hand on it.

By our Athens Correspondent

SWEDEN

A holding operation

SWEDEN'S SOCIAL Democrat government has pursued successful holding operations on both the political and economic fronts in 1975. The result has been a relatively dull year, during which the Swedes, continuing to enjoy near full employment and unimpaired affluence, have been able to regard with some complacency the more frenetic efforts of their European neighbours to right their economies. However, although it arrived late, the recession hit more deeply than anticipated into the Swedish economy in 1975, and the new year promises to be rather more exciting and testing for the economy as a whole and for the Social Democrat Party in particular.

A general election is due in September. A combination of three factors—delayed economic recovery, uncertainty about the labour movement's plans for extending worker control of industry, and the split within the Communist Party—could provide the three non-socialist parties with their best chance yet to halt over 40 years of Social Democrat rule. If they are to do so, they must restrain their mutual back-biting and demonstrate a credible alternative to the Government of Mr. Olof Palme, who has so far displayed his political skills in exploiting their differences. The Government is not invulnerable. The current quarrel between Sweden and the EEC over the Swedish shoe import restrictions shows that it can make unexpected errors.

Economic affairs have dominated this year. From the first six months export demand started to decline sharply, producing a drop of some 20 per cent. in the volume of exports from the second half of 1974. Particularly badly hit were raw materials such as iron and other ores, timber and pulp, and basic exports such as paper and steel, where declines of up to 40 per cent. were recorded. Over the year as a whole the value of exports will turn out to be roughly the same as 1974, giving a fall in volume of between 10 and 11 per cent.

Imports will show a smaller decline in volume, probably in the region of 1.5 per cent. Even though Sweden's terms of trade have improved considerably since the sharp deterioration, which occurred in 1974 after the oil crisis, the trade deficit is expected to rise by a further Kr.2bn. to just under Kr.4.5bn. (£500m.) With shipping earnings declining by roughly Kr. 1bn., the deficit on the balance of payments will be more than doubled from last year's Kr. 4.2bn., approaching Kr.9bn. (£1bn.).

Central

The payments deficit has been pinpointed by Riksbank Governor Krister Wickman in several public statements over the past three months as the central economic problem. Repeating the favourite recipes of central governors in countries much less favourably placed, he has called for a programme of wage restraint, boosts to industrial capacity and controls on domestic consumption, in order to give more room for exports.

So far Sweden has dealt with its payments deficit by an uncharacteristic upsurge in foreign borrowing, an entirely new phenomenon in Swedish economic history. Borrowing by State institutions, local authorities and companies got under way last year but rose to a peak in the first half of this year, when the Riksbank issued permits for some Kr.9bn. At this point the Central Bank seemed to get cold feet, local authorities in particular were discouraged from further borrowing, and over the following three months new permits were issued at the rate of only some Kr.300m. a month. At the end of October, however, Mr. Wickman stressed that a further rise in the level of foreign borrowing would be needed and forecast an overall increase of Kr.20bn. in Sweden's foreign indebtedness during the three-year period 1974-76.

In contrast to some other European governments, the Swedish Government's principal target has been to maintain employment. The startling increase in foreign borrowing has been one instrument for reaching this aim, which has so far been sustained. Over the year unemployment is expected to average out at 1.7 to 1.8 per cent. of the total working force, or slightly less than in 1974.

In addition to the foreign debt, the price paid to maintain employment has been a high, moderately inflationary level of domestic consumption, both public and private, and substantial State cash support for industry, partly through the release of blocked investment funds, partly through direct support to raise stocks of finished goods. Other contributing factors have been the companies' desire not to lose scarce skilled labour, as they did during the last recession, and the effect of the new job security laws, which deter management from dismissing staff.

Now, however, a limit has been reached. Companies have been warning that they cannot continue to keep on workers, as production remains well below capacity. The "storing" of labour has meant a drop in productivity this year and could lead to a further dangerous decline next year. Both the National Institute for Economic Research and the Federation of Industries have forecast an unprecedented 3 per cent. unemployment next year. Both foresee continued stagnation in GNP growth next year.

It is generally accepted that Sweden must export its way out of the recession, but opinions differ widely on when the improvement in export demand can be expected. The soaring curve for stocks of finished goods and the declining order stock curve continue to diverge. A high investment level has been maintained, with industrial investment expected to show a volume increase of as much as 7.5 per cent. this year, so that industry is currently poised to take advantage of an upturn. Many industrialists, on the other hand, worry about wage levels: a negotiated 22 per cent. increase this year and 15 per cent. next year compare unfavourably, for instance, with wage rises in West Germany and will not help Swedish exports to remain competitive.

Skilful

While the Government has fought a skilful holding action, the fact remains that the development of the Swedish economy next year will be largely guided by foreign developments. If there is only a sluggish international recovery from the recession, the Government's economic policy is likely to become increasingly difficult. This could have serious political repercussions for Prime Minister Palme in the run-up to the September general election, if the non-socialist parties can unite sufficiently to exploit them.

Mr. Palme faces two other problems. There is still great

CONTINUED ON NEXT PAGE

Fish the key product

THE MOST passionately felt event in Iceland this year has been the unilateral extension to 200 miles of the country's fishing limits and the subsequent confrontation with Britain. The backcloth to this drama of the storm-swept fishing banks has been a deterioration in the national economy unparalleled in any other European country.

The collapse of Iceland's foreign markets for fish, combined with cost rises set off by the 1973 oil price increases, has resulted in a deficit on current account equal to 11.7 per cent. of GNP in 1974 and to some 10.5 per cent. this year, two devaluations (by 17 and 20 per cent.) of the krona and a fall per capita income this year of 9 per cent. Icelanders' real disposable income is expected to decline by between 17 and 18 per cent. this year.

Although they are a proud and independent nation, the 216,000 Icelanders operate a mini-economy, smaller in size than the municipal budgets of even provincial European cities. Their only natural resources are the fishing banks, grasslands which make them self-supporting in meat and dairy products, and considerable untapped potential in both hydro-electric and geothermal power. The power resources have begun to be developed only over the past few years and depend on a high input of foreign risk capital.

Without their fishing Icelanders would be one of the outlying, deprived nations of Europe. Instead, by 1974 they had achieved a per capita GNP higher than Britain's and had built up a system of social security and public services on the Scandinavian model. Trade played the key role in this development; in 1974 imports and exports of goods and services made up approximately 84 per cent. of GNP, with fish products providing some 75 per cent. of export income.

Such heavy reliance on one animal source, itself subject to natural variations, has meant that the Icelandic economy has long been exceptionally volatile—with a high rate of inflation a constant feature. However, the relative prosperity of the four-year period from 1970 to 1973, when thanks to increased output and improving terms of trade GNP grew by an average of 6.2 per cent. a year and the real national disposable income rose at an annual rate of 10 per cent., prepared neither the Government nor the country's economists for the abrupt reversal of 1974.

In that year the U.S. market for Icelandic frozen fish collapsed, fish meal prices plummetted and the EEC added its quota to the burden by—at West Germany's request—not applying the tariff reductions on fish imports provided for in its free trade agreement with Iceland. The country's terms of trade deteriorated by 10 per cent. in 1974 and by an estimated further 16 per cent. this year.

Higher

The rate of inflation, boosted by the rise in prices for imported oil and manufactures, reached its highest level ever in 1974, averaging 43 per cent. on the cost-of-living index. This year, despite efforts to restrain wages pressure by severing the link between wages and the cost-of-living index, the rate will probably be even higher.

The two devaluations were prompted by the deterioration in the current account balance, which showed a deficit of $155m. in 1974 and is expected to improve only slightly this year. Iceland has been borrowing heavily abroad to bridge the gap. Last year the net inflow on capital transactions was some $109m., of which nearly $100m. was new net long-term borrowing. Net foreign exchange reserves were nevertheless virtually exhausted by the end of January last.

Further long-term borrowing has been made this year, including Iceland's credit tranche with the IMF and some 25m. SDRS from the IMF oil facility. The central bank has also arranged for a $45m. standby credit with a banking consortium led by Citicorp and has drawn up a cautious programme, under which the current account would be brought into balance in 1979.

The new coalition Government formed in August, 1974 by the independents—the victors in the general election—and the progressives under Mr. Geir Hallgrimsson inherited this rapidly deteriorating economic situation. Its efforts to cope have met with mixed success. Monetary policy has been effective, with the banks for once conforming to central bank directives, but the Government's fiscal policy has failed to bite. It planned this year to cut back its 1974 cash deficit of Kr.3.4bn., or about 9.4 per cent. of total central Government expenditure, to Kr.1bn. The latest figures indicate that the deficit may be if anything larger this year.

In April the Government introduced legislation to cut expenditure by Kr.3.5bn. but ran into trouble in the Althing (Parliament), which reduced the cuts to Kr.2bn. In July the Government decided to levy a temporary 12 per cent. excise tax on goods, mainly non-essentials, until the end of the year, hoping to bring in Kr.1.5-1.8bn., but it underestimated both demand and the lag in collecting the levy.

The Budget proposals for 1976 aim at achieving fiscal balance and provide for an unchanged volume of public expenditure on goods and services, while the national credit budget anticipates a reduction of credit in real terms for 1976. With very little scope left for increasing the foreign debt it is now vital for the Government finally to control its own budget. This may well mean that the present full employment cannot be maintained.

Incomes

Much depends on the trade unions, which co-operated with the Government in June to bring about moderate wage settlements entailing a rise in basic wages of only some 13.5 per cent. The National Economic Institute has recently suggested that incomes policy for 1976 should aim at best at maintaining the present wage level. The alternative, it points out, would be a further substantial cut in investment, with serious consequences for employment.

Earlier this year the Government signed an agreement with Union Carbide to build a $75m. ferro-silicon plant. This was the second major step, following the establishment by Alusuisse of an aluminium smelter to exploit Iceland's hydro-electric potential and expand the economy's industrial base. It now appears that the plan will be delayed a year or so because of the recession in the world steel industry and the contraction of the market for ferro-silicon.

The Icelanders' current economic tribulations go a long way to explain the seeming intransigence and emotion of their attitude towards fishing by British trawlers off Iceland. Britain's insistence on maintaining its traditional rights is seen as a threat to the nation's livelihood. The argument centres on the cod stock, which both sides agree is being overfished and is declining. It is difficult for Icelanders to accept that British trawlers should keep their share of an allowable catch, which has to be reduced, in order to preserve the stock, when Iceland's whole economy rests on its fishing.

Both public passion and economic reality severely limit the Government's ability to compromise with Britain. There has been some slight improvement in both frozen fish and fish meal prices recently and small sales have been made, but unsold stocks remain high and only a moderate improvement in Iceland's trade position can be expected next year. Iceland's position is not strong, but unless the conflict is soon settled—and that would imply a further substantial reduction in the catch demanded by Britain—it could develop wider implications.

Mr. Hallgrimsson's Government agreed soon after it entered office to continue the NATO base at Keflavik airport run by the Americans. Opposition to the base and to the country's NATO membership will certainly revive among Icelanders if a cod war develops and they feel that a NATO ally is trying to bully them into submission.

William Dullforce
Nordic Correspondent

Oil is the bulwark

NORWAY looks like getting through the present recession with less trouble than any other European country—thanks of course to North Sea oil. The government "fears" that the number of unemployed this winter could reach 30,000—at that less than 2 per cent. of the workforce—so to avert the danger, it put together a package of subsidies and expansionary measures in September. The cost will be a temporary widening of the already large trade deficit, but the nation can afford it. Bankers are only too eager to lend Norway money against its oil expectations.

Norway has not been immune from world recession close to 30 per cent. of the merchant fleet, once the country's cherished currency earner, has been laid up, and there have been rumours of impending bankruptcies among shipping companies. But the Government, and the economy, have so far managed to take this crisis in their stride.

Increasingly Norway is likely to provoke the envy of its less fortunate European neighbours. The Norwegians' political arguments, vigorous as they are, centre on affluence, not on ways of reversing depression. How many other countries in Europe will see a GNP growth of between 4 and 5 per cent. this year and can forecast a further growth of 7 per cent. in its 1976 budget?

It should be noted that the 1975 increase has not fully matched the Government's earlier estimate and that its 1976 forecast, too, may turn out to be over-optimistic. Nevertheless, the dispute in Norwegian politics is less about the short-term management of the economy as about who should control the oil income and how it should be used, about what kind of society Norwegians really want.

It can be argued that Norway's luck in finding offshore oil has been complemented by shrewd financial management—a view that would be instantly rebutted by the non-Socialist opposition. However, the package put together in September by Finance Minister Per Kleppe must at least get high marks for ingenuity. It was designed to increase average disposable income for workers by about 3 per cent. from 1975 to 1976 and to cut the rate of inflation, threatening to top 12 per cent. this year, by 2 per cent. up to May next year.

Aims

Mr. Kleppe had two contradictory aims: to allow enough domestic expansion to induce industry to maintain employment through the winter and at the same time to hold down the cost of living, so that the unions can be dissuaded from taking out the full wage increases they would have been entitled to in November under the 1974 wage agreements. In return for union agreement to limit direct pay increases to only 30 per cent. of the price increases in the preceding 12 months, the Government undertook to reduce withholding taxes by 1 per cent. through a cut in social security contributions, to raise children's allowances by 10 per cent. and to offset farm price increases by food subsidies until June, 1976. It also froze prices until the end of the year.

This tripartite agreement with the unions and employers' association was then supplemented by measures to maintain employment in industries exposed to competition. They included increased expenditure on public works projects, liquidity loans and interest subsidies for industry, and increases in the State banks' lending ceilings. In addition, the credit budget was revised, raising the domestic credit supply for the year by about one-third over that of 1974.

The country has been running a heavy current account deficit, which has grown more rapidly than anticipated during the year. Direct exports, excluding ships and oil, dropped 4.1 per cent. during the first nine months, while imports rose by 5.5 per cent. In the first eight months the deficit reached Kr.8.3bn. against Kr.2.6bn. in the corresponding period last year and is expected to end at close to Kr.14bn. for the year as a whole. Oil development imports continue to be a major factor in the deficit, but this year the drop in shipping earnings (over Kr.4bn. down in the first seven months) has aggravated the situation.

The 1976 Budget anticipates a further current account deficit of Kr.11.5bn. but this again will largely be covered by long-term foreign borrowing. The country's foreign debt will probably rise by some Kr.25bn. to Kr.45bn. during 1975 and 1976, but as oil exports get under way the payments situation will improve sharply. The Government hopes to get into balance in 1978 and to be showing a surplus of Kr.20bn. by 1980.

With the Statfjord field turning out to be the biggest single discovery yet in the North Sea the Ministry of Industry has raised its estimate of proven reserves in the Norwegian sector to 880m. tons of oil and 800bn. cubic metres of gas. The investment required during the 1975-1980 period will be Kr.25bn. to Kr.30bn., excluding drilling rigs and ships, but in return the Government expects tax revenues of some Kr.70bn. with production reaching over 75m. tons in 1980. The recent explosion on an Ekofisk platform, however, underlined once again the hazards of offshore development.

The Norwegian offshore supply industry is by no means happy about the present situation. The production platform contractors are waiting for new orders and warning of lay-offs while the groups—mostly shipowners, who ordered drilling rigs and supply ships are finding themselves over-invested. One rig has been laid up and the first cancellation of a new rig order came in October. More can be expected, while the Government is blamed for its go-slow development policy.

The shipowners have had a very bad year, as tanker after tanker has tied up at mooring buoys in the fjords. On top of it all they have suffered the mortification of being rescued by a Labour Government, which has set up a guarantee institute to help them meet payments on the new ships to which they have committed themselves. In the case of Mr. Hilmar Reksten the Government carried out a direct rescue by buying up his industrial shareholdings.

The State's Reksten purchases form part of one of the most controversial issues in current Norwegian politics—the Labour Government's intentions towards industry. Parliament voted funds for the purchase of the Reksten shares on the understanding that most of them would be resold, but the Government showed reluctance to divest itself of shares, in particular the 100 per cent. holding it had acquired in the Hoyer-Ellefsen contracting company. The takeover of the B... marketing organisation and the earlier purchase of Alcan shares in the Aardal and Sunndal Aluminium Company have added to private industry's apprehensions about the Government's long-term aims.

Setback

Local elections this year suggested, however, that the Labour Government could be pushed out of office at the next general election in 1977. The non-Socialist parties won an overall majority. Although Labour did better than it had at one time dared to hope, the Socialist Left alliance, on which it depends to thwart the non-Socialists' return to power, suffered a severe setback. The alliance's troubles have since been compounded by the Communist Party's rejection of its chairman, Mr. Reidar Larsen, who wanted to form a new party with the Socialist dissidents.

In January Norway gets a new Prime Minister, when Mr. Trygve Bratteli hands over to Mr. Odvar Nordli. The switch stems from the party congress in April, which elected the more radical Mr. Reiulf Steen as party chairman but decided to balance internal factions by designating Mr. Nordli as future Premier.

In foreign policy this year the Government has pursued a cautious, low-profile line. Little has been seen of the new European policy promised by the Foreign Minister, Mr. Knut Frydenlund, but Norway's association with the International Energy Agency has helped to ward off charges that Norway was taking a maverick anti-European line. Unlike Iceland, Norway has undertaken to negotiate the extension of its fishing limits. The most interesting problem, delineation of a median line between the Norwegian and Soviet sectors in the Barents Sea and Soviet interest in the Spitsbergen Islands, remains unresolved.

W.D.

SWEDEN CONTINUED FROM PREVIOUS PAGE

uncertainty about how the majority of Swedes will react to trade union proposals for the introduction of collective wage-earner funds, which would gradually acquire control over companies' capital and would radically change the balance in Sweden's highly successful mixed economy. The Prime Minister has realised the political sensitivity of this particular issue and would apparently like to postpone discussion of it until after the election.

The Communists may pose the second problem for Mr. Palme. At the 1973 general election the Social Democrats and Communists together dead-heated with the three non-socialist parties, Liberals, Centre and Moderates. The Communist leadership is currently going through a showdown with the Stalinist, pro-Moscow group in Northern Sweden, which could result in a decisive split within its ranks. If this were to happen, the result might be that the Communists could not obtain the minimum 4 per cent. of the poll needed to be represented in Parliament. If that situation should arrive, the only alternative for Mr. Palme and the Social Democrats would be to split the non-socialists and to go into a coalition with one of them.

W.D.

Keeping its balance

A COMMENT which one often ιears these days is that Denmark is always governed best when there is a Social Democrat minority administration dependent for its survival on one or more of the parties to its right. This is the situation to-day, and the Government has handled, and been forced to handle, the main issues of the day, whether of economic policy, school reform or university education, in a way which is reasonably satisfactory to the main body of moderate opinion.

This year has brought two major political deals, which, while not solving the country's problems overnight, suggest that the Government and its supporters are in reasonable control of both the difficult economic situation and the no less tricky parliamentary situation, caused by the fact that since 1973 here have been ten parties represented in the Folketing (Parliament).

First, in the spring the Government was able to step into the deadlocked collective wage bargaining between the TUC and the Employers Federation, imposing by statute a two-year collective wage agreement which awarded the blue collar workers basic increases of about 2 per cent. a year in 1975 and 1976, and the white collar workers even less. In addition to the basic increases, however, come automatic consumer price index-linked increases, but there is a reasonable prospect that hourly wage rates in the two years from last April will rise at about 10 per cent. a year, as against the increases of over 20 per cent. recorded in the previous three years.

Second, in September five parties, including the ruling Social Democrats, the main opposition party, the Liberals and three smaller parties, concluded a crucial agreement covering basic economic policy guidelines for the coming three years.

Politically this agreement was of the greatest significance, for it means that even if the Social Democratic Party is ousted from office, the Liberal Party, which would dominate any alternative administration, would be committed to pursuing the same basic policy objectives. The agreement therefore introduces an important element of stability into an inherently unstable situation.

Reductions

Key commitments in the September deal include cuts in Government expenditure in the coming three budget years, new reductions in income tax in 1977 and 1978, and a Government promise to ensure that this year's relatively slow rate of increase in costs, prices and incomes is maintained for a three-year period, "so that the competitiveness of business in relation to other countries continues to improve."

The agreement to cut Government expenditure has to be seen against the background of the 1960s and early 1970s, when the rapid increase in the public sector's use of resources was an important contributory cause of the country's serious and endemic current balance of payments problem. It also led to a revolt against high taxation, throwing up the Progress Party, the anti-tax party led by lawyer Mogens Glistrup which, since 1973 has been one of the three parties with voter support in percentage terms going into double figures.

Government spending over the past year has shown a modest increase, excluding transfer payments, such as unemployment benefits, and from now on it will fall in real terms (but price and wage inflation will contnue to send it soaring in nominal terms). Some of the combined public sector's expenditure has merely been transferred from the central Government to local government, but even allowing for this the public sector's real use of resources should grow considerably more slowly from now on than the gross domestic product.

The incomes policy commitment, nice as it sounds, has already run into trouble. The wage-regulating consumer price index has risen faster than the five parties expected, forcing the parties to find ways of preventing business costs from exploding once again when escalator wage increases are released in the spring.

It seems probable that the Government will have to introduce a new "cost dampening grant" to industry to compensate for the escalator wage increases, a measure tried in 1974. This, however, brings new problems in its wake, because it will increase the already enormous Government budget deficit and add to the inflationary pressure arising from a very steep increase in the money supply, now about 20 per cent. above the level of 12 months ago.

The second stage of the September five-party deal was a fairly substantial stimulus to the economy over the next year. Thd main ingredients of the programme, amounting to expenditure equivalent to about 2 per cent. of the national product, was a reduction of the value added tax from 15 to 9¼ per cent. for the five months October to February, plus large subsidies and encouragements to business investment and a modest increase in public sector spending on relief work and such like.

After a period of negative growth, probably of the order of 2 per cent. and possibly more, from the summer of 1974, the September programme should ensure an increase in gross domestic product in the current 12-month period of between 4 and 5 per cent., depending on how exports fare and how savings react. As in so many other countries, the recession has brought with it a sharp rise in the savings ratio in the private sector. So far it is too soon to say whether the Government's demand stimulus will get spending moving again. If spending does pick up, the coming boom could be sharp, as the system now contains an enormous potential for bringing savings down and increasing consumption.

The decision to give such a substantial boost to demand (relatively larger than in most other European countries) was daring in view of the sensitive balance of payments position of the country, but the Government took courage from the big improvement in the current deficit this year, as well as the much reduced rate of inflation, with consumer prices increasing at an annual rate of 7-8 per cent. for most of this year compared to 15-16 per cent. in 1974. It was also thought urgently necessary to do something to reduce unemployment, running at an annual rate of about 6 per cent. of the total workforce.

The current balance of payments deficit rose to Kr.5bn. in the first half of 1974, causing speculation that Denmark would have difficulty in meeting its debt obligations, but in the 12 months to September this year the deficit was a mere Kr.400m., giving the country welcome respite from the need to resort to international money markets. In 1976, however, most forecasts estimate that the deficit will rise to Kr.4-6bn. again, with the deficit persisting in 1977.

Among the most pressing problems of the moment is how the authorities will continue to finance the Government budget deficit, expected to amount to well over Kr.30bn. for the two fiscal years 1975-76 and 1976-77, or between 6 and 7 per cent. of gross domestic product. When the deficit began to emerge a year ago the Central Bank was able to control its impact by allowing the commercial banks to run down their large debt position with the Central Bank. Then in the summer the Central Bank sold state bonds worth Kr.5.7bn., but this autumn the authorities had to resort to special deposit arrangements and the sale of 91-day deposit certificates, both short-term measures which the Central Bank has said are not a satisfactory means of financing the Government deficit.

It is virtually certain that further medium or long term Treasury bonds will be issued in 1976, but it is far from certain that the Government will approve issues large enough to soak up all the excess liquidity created by the Government deficit. It is necessary that solutions are found to this problem, however, for as Central Bank governor Erik Hoffmeyer told the Bankers Asociation last month, the failure to control it will in the longer run "tear away the foundations of the stabilisation policies inaugurated in the spring."

Hilary Barnes
Copenhagen Correspondent

FINLAND

A long, dark winter

IE YEAR 1975 has been a ımal one for Finland both onomically and in internal litics. There was brief relief the glitter of the Conference Security and Co-operation in rope in July, but that has w dulled. The suntans quired during one of the most autiful summers in living mory have faded. In the igthening darkness of proaching winter the country ds itself back where it was March, facing the same probns and, for the most part, owing the same reluctance to to grips with them. For the it time in 30 years the nish economy is showing o growth. Indeed, the official imate for the GDP this year a contraction of 1 per cent. e present generation of bour and business leaders has t experienced a real period zero growth before.

The main problems are the licits on current account and the trade balance, a higher flationary rate than in most estern industrial countries, owing unemployment and litical instability. Some, ugh certainly not all, of the nomic depression has been e to external reasons beyond land's control. Oil prices have changed much in the curt year, and the prices of ny primary products which land must import have stabilised somewhat; some have even fallen. But the slump in export demand is still hurting badly. For the political party infighting, however, it is hard to find either a rationale or an excuse.

The trade gap will rise this year to an estimated Fmks.8-9bn. (£1.1bn.), nearly double the already worrying deficit for 1974. The current account deficit will reach about the same total. This is mainly because exports have shrunk drastically, especially exports of forest industry products, the main source of Finland's earnings of convertible currencies. The depression in the main market, West Europe, has been longer and deeper than any of the experts had anticipated.

The imbalance has been financed to a large extent by long-term capital imports, which has been Finland's "traditional" way of bridging the gap and one which has worked quite well so far. The corollary is that the country's net foreign debt has swollen enormously. It is approaching Fmks.20bn. this year, which is about one-fifth of the GDP. A sizeable part of the new borrowings must go to meet debt servicing costs, which can rise this year to 11-12 per cent. of current account income. It is obviously a situation that cannot continue indefinitely. The Bank of Finland announced recently that it will screen all new applications for foreign loans very strictly.

This will further tighten an already very stringent domestic money market. The Central Bank intends to keep it this way as one means of fighting runaway inflation. In October it reduced the rediscounting (borrowing) quotas of the commercial banks, and warned that there would be further unpleasant measures to come. This is hurting industry, the biggest loan taker, most, for many manufacturers are already finding it financially difficult to go on producing for stock. The metal and engineering sector excepted, most mills and factories have had to close down for several weeks this year.

The annual rate of inflation last year was 17 per cent. and the forecast for this year is the same. Last year, it was still possible to put the blame on import prices, but that is no longer valid. The cost-push effect of import prices on the consumer price index in 1974 was 9 per cent., in 1975 an estimated 2.3 per cent. But this year, wages and employers' social security outlays will push the index up 8.8 per cent., 1 per cent. more than in 1974.

In spite of the high rate of inflation, earnings have been keeping ahead of prices. The estimated 21 per cent. increase in earnings this year, discounted by inflation, means that real earnings have increased by about 4 per cent. The November Survey of the Ministry of Finance Economic Department notes: "There is no possibility of raising the real income level if the aim is simultaneously to avoid a perceptible increase in unemployment." The current annual rate of unemployment is about 2 per cent., and the estimate for 1976 is 2.8 per cent., both of which compare favourably with most other market economy countries. The next few weeks, as the new round of collective bargaining gets under way, will show whether the unions accept this. New labour contracts should be signed by January, 1976, when the current 22-month incomes agreement expires.

Caretaker

In June this year, the long-lived (for Finnish conditions) four-party, Left-Centre coalition cabinet resigned. It could not agree on the harsh policy measures that the fast deteriorating economic situation demanded. President Kekkonen appointed a caretaker cabinet and called a premature general election in September. To nobody's surprise, this produced no major changes in the strengths of the most important parties. After this futile procrastination, the left-wing parties decided that they must wait for the results of the important Metal Workers Union elections at the beginning of November before trying to put together a new political government.

Finally, as many had hoped, President Kekkonen personally intervened. On November 27 last he summoned the leaders of the five parties that had been arguing about a government programme for two weeks. He read them a lecture—which was put out on radio and TV to the nation—and told them to form a "national emergency government" in three days. Its only programme was to be "secure employment."

The five parties complied and the country now has again the "popular front" government of the late 1960s, comprising the Centre and Swedish Liberal parties plus Social Democrats and Communists. But its life may be short, for the Left-wing parties say they are only in for a trial period and must have a detailed working programme if they are to carry on after January next year.

The freezing of parliamentary government, while the unions sort out their problems is eloquent evidence of the growing power of the unions in the body politic of Finland. In this, and in the economic problems besetting the two countries, there are obvious parallels between the U.K. and Finland, but they cannot be drawn too closely.

The growth curve on the Finnish economic chart dipped steeply in 1975, but it now seems to be bottoming out. Assuming, and at present these are two bold assumptions, that the upturn in West Europe really is beginning, and that the Finnish unions will moderate their wage demands, the outlook is one of a slow recovery late in 1976. However slow it may be, it will be better than the present stagnation. "We have been on the brink before and made a good recovery," said a senior Finnish banker. This is true, but the brink has never been so precipitous for three decades.

Lance Keyworth
Helsinki Correspondent

The end of the super-boom

THIS YEAR has seen the end of a Swiss economic boom which had lasted so long as to have almost become a tradition. The weakening in the economy, which began in the latter part of 1974 and resulted in GNP falling in real terms by some 0.8 per cent., became much more marked in 1975 and for the first time in this generation started to have real effects — reappearance of the nearly forgotten phenomenon of unemployment, sharp falls in production and exports, declines in company profits and wage management which at best kept pace with inflation.

For this year as a whole, the Government is already reckoning on a fall in industrial production of 15 to 20 per cent. on 1974, and in construction of more like 30 per cent. Exports have fallen in the first ten months by a good 10 per cent. in volume and could drop by about the same proportion for the year as a whole. Unemployment is running at the highest level for 20 years or so — quite apart from short-time working, which by the end of 1975 might be affecting 130,000 or even 200,000 workers. All in all, the Federal Council is now prepared for a 4 to 5 per cent. decrease in real GNP.

The downturn must nevertheless be considered as relatively rather than absolutely serious. There are, for example, still only 15,756 registered as totally unemployed — or under 0.6 per cent. of the gainfully employed population — and companies themselves are facing a sticky patch rather than a mortal danger. A not inconsiderable part of the recession has in any case been borne by seasonal and border-crossing workers who have stopped coming to Switzerland and, to a lesser extent, by ex-resident foreigners who have gone home.

Most undertakings and individuals are well-heeled, domestic demand having fallen as a result more of general caution and technical considerations like oil-crisis stockpiling and, indirectly, the high rate of the Swiss franc abroad than of anything approaching want. The country remains prosperous by anyone's standards.

The recession has had its positive aspects too. The inflation which had been an increasing worry for the Swiss, having reached 11 or 12 per cent. in annual terms by the turn of the year 1973/74, is now down to its lowest level for five years. The cooling-off of the Swiss economy, together with the recovery in the U.S., has led to a very welcome decline of the Swiss franc/dollar rate, currently running at about SwFrs.2.65 as compared with the sub-2.40 quotations early this spring. Paradoxically, the slump has also brought about what will definitely be a record Swiss balance of payments surplus, since imports have fallen back much more than exports. As a result the trade gap has narrowed to little more than a quarter of its 1974 figures.

The steam has gone out of Swiss economic growth for a number of reasons, many of which will continue to apply in the future. First, the economy had been growing too fast, with industry building up capacity in the expectation of an unlimited growth of demand and with an almost unlimited supply of foreign workers. This ceased with the worldwide recession and years of increasing restrictions on the influx of foreigners —for political as well as economic reasons.

Second, the Swiss franc ceased in 1971 to be an undervalued currency and shot up to heights at which it was very much overvalued. Even given the elasticity of price for typical Swiss exports, producers have been finding it increasingly difficult to place orders in weaker-currency markets and compete with suppliers from such countries in third markets. Third, the domestic market has stopped growing, in that population is falling off for the first time since the early twenties, a result of both the reduction in foreign residents and the low birthrate.

Outside

Basically, of course, the future of the Swiss economy depends on events outside Switzerland. This goes for the service sectors—tourism, insurance and banking—as well as industry. Agriculture plays only a small part within the economic whole to-day, but its fortunes naturally depend on the development of overall national prosperity. To-day Swiss farmers are faced with the prospect of going without their usual annual price increase.

As things look, worldwide market recovery may not last very long. This, plus the possibility of a new weakening of foreign currencies against the Swiss franc in time—which the National Bank is now trying to guard against in part by joining the European currency "snake" —is keeping Swiss optimism at a very cautious pitch. Quite apart from specific problems like the uncertain future of the German market, by far the most important for Switzerland, the price of oil and raw materials and the future of a few structurally endangered industries and regions are causing widespread misgivings.

Although earlier this year the Federal Council failed to win sufficient support in a national referendum to anchor in the constitution the Government's rights to effect a broad-based economic policy, there remain plenty of opportunities to guide the country's fate by a series of emergency laws subject to a time limit. A major piece of legislation due for renewal for a further three years at the start of 1976 is that permitting Government surveillance of prices, though the actual form of the renewed and revised law has yet to be made known.

As other referenda have shown, the electorate has now decided that Government intervention in the economy has become both necessary and desirable—another result of recession. On the one side the central Government in Berne is expected to react rapidly to the flagging economy with emergency public works programmes, alterations in the hitherto little-used unemployment insurance system and the like. On the other both the Federal Council and the National Bank are having to carry through a flexible (critics say stop-go) credit and monetary policy to adjust to the short-term changes in liquidity, money needs and exchange rates. A few years ago, or even a few months ago, three bank rate changes within as many months would have seemed quite out of the question; this autumn they proved necessary.

One additional and most important point is the unprecedented weakness in the public accounts, with the Confederation working to record deficits and all cantons (plus most communes) in the red. The voters have shown in the past few months that they now see the point of tax increases, which is a great help, considering the power of referenda to reverse or reject them under the Swiss democratic system.

But more and more the Confederation, the regional and local authorities and the power stations are going to need the help of the bond market. Even with the tighter control on the capital market sector, with institutions like issuing houses and banks being virtually obliged to take up Federal offerings, the huge public authority finance requirements could prove a hard nut to crack.

Finance Minister Georges-André Chevallaz is already worried that borrowing possibilities will reach an upper limit next year. Some observers believe that the public sector share of bond issues could rise to about a half of the whole in 1976.

A real problem in the near future, then, will be how the Government and other authorities can keep within their means while at the same time making a contribution towards putting growth back into the economy—while at the same time keeping the fight against inflation in the priority position Berne still insists it retains.

John Wicks
Zurich Correspondent

A surprising decline

THE FIRST decision taken by the Austrian Government after the recent general elections and the swearing-in ceremony by the Federal President was the authorisation of massive borrowing operations to cover the largest ever budget deficit since World War II. The budget for 1975 originally envisaged a deficit of Sch.16.3bn. (about £430m.), with the possibility of contingency allocations to the tune of Sch.7bn.

The latest Government statements confirm the predictions repeatedly made by opposition speakers. This year's deficit will be twice as high as the voted shortfall of Sch.43bn. The opposition speaks about the "gravest budget crisis in the history of the Second Republic." The draft budget for 1976 already provides for an overall deficit of Sch.52bn., although value added tax will be increased from 16 per cent. to 18 per cent. and postal rates will go up by 50 per cent.

The truth of the matter is of course that the sudden deterioration of the economic situation since the autumn of 1974 surprised both the Government and the opposition—and above all the respected Institute for Economic Research, which a year ago predicted a growth rate of just over 4 per cent. for 1975. By March this year the growth forecast was scaled down to 2.5 per cent. and by June to 1 per cent. In fact, however, the downturn was even more dramatic. GNP fell in real terms by 3 per cent. in the first half of 1975 compared to the corresponding period last year. For this year as a whole GNP is expected to shrink by 2.5 per cent.

As the budget for 1975 was based on the assumption of a 4 per cent. growth, the gap between declining tax receipts and rising expenditures widened dramatically. Worse still, the income-tax reductions which came into force on January 1 failed to give an extra and much needed push to consumer spending. Instead of a spending spree, most Austrians saved more than ever. Thus during the first nine months of 1975 savings deposits jumped by 18.5 per cent., though salaries and wages were up only by 12.5 per cent.

Confidence

On the other hand the consistently high rate of private savings undoubtedly reflects the unbroken confidence of the average Austrian in the relative stability of the schilling. The months-long campaign of the People's Party, the main opposition party, accusing the Socialist Government of economic mismanagement and predicting an unprecedented crisis if the Kreisky Cabinet remained in power, backfired at the general elections on October 5.

Despite the massive budget deficit, the fall in industrial output and an inflation rate of close to 9 per cent., Chancellor Kreisky's party performed the unprecedented feat of winning for the second time both an absolute majority of parliamentary seats and of the popular vote. If one counts the relative majority won at the 1970 elections, it means that Dr. Kreisky and his party scored a third stunning victory in a row.

Even many non-Socialist Austrians opted for the 64-year-old statesman as the guarantee for social peace, economic growth and full employment. The electoral victory of the Socialists who retain their 93-seat majority out of a total of 183 makes it possible for Dr. Kreisky to remain true to his principle "The Government must govern"—even if it involves unpopular decisions such as the increase in VAT announced long before election date. To this, however, the opposition answers that the VAT increase was only an admission of the budgetary debacle and that the Government is only now beginning to present the public with the same facts the People's Party had all along stressed.

The fact that in the latest shop steward elections in the largest steel and engineering plants the Socialists won a series of resounding victories, practically wiping out the Communist minority, helps the union leadership to proclaim a moderate bargaining policy in the current round of wage talks affecting among others 350,000 metal workers and 280,000 trade employees.

Jobless

Until recently the Socialists could claim with some justification that their policies had helped to avert massive unemployment and that Austria had the third lowest unemployment rate in the West. At the end of September, however, the number of jobless rose to 40,000, up 16,000 on the level of a year earlier. Though the rate is still only 1.5 per cent., the latest report of the Institute for Economic Research reckons with 100,000 jobless during the winter.

In view of this situation, job security is the main factor shaping the strategy of the unions. Finance Minister Dr. Androsch estimates that the inflation rate can be reduced to 7 per cent. next year. His opposite number in the People's Party, Professor Koren, accepts this figure, however, only in the case of continuing crisis. An upturn would clearly give a new impulse to the inflationary pressures.

Chancellor Kreisky so far sees no signs of an early upswing and does not seem to share the optimism of some of his Ministers. The Institute's October report concludes somewhat cryptically that "economic activity has stabilised on a lower level in the summer months." Most economists tend to take a cautious view of the short-time future. In view of the past series of erroneous predictions made by the Institute and other prestigious institutions, politicians and journalists no longer accept the words of the pundits at face value.

An election year is clearly not conducive to dispassionate debate about the best course to be taken. Having gained an impressive vote of confidence at the polls, Chancellor Kreisky is well placed to cope with the difficult task of convincing a public accustomed to rapid growth and relative monetary stability that Austria too will have to go through a period of painful readjustment.

In view of Austria's unique system of social partnership based on informal understandings between the two sides of industry, there is as yet no danger of a social explosion. But there are signs of a certain radical stirring affecting groups of industrialists, primarily in Western Austria, segments of the Catholic Church and parts of the Press on the one hand and Socialist youth groups on the other.

Barring a Europe-wide upheaval, however, Austria is likely to weather the even more difficult year of 1976 without provoking violent socio-political conflicts—always provided the Government does not overplay its hand and continues to opt for pragmatism rather than ideological experiments.

Paul Lendvai
Vienna Correspondent

Financial analysts vs. economic models

BY ANTHONY HARRIS

PROFESSIONAL economic forecasters are certainly not a cheerful body of men at the moment. The National Institute finds its own recent forecast the most depressing it has ever made; the OECD, representing collective Government views, issues repeated warnings that recovery is still some way off. This is partly because they are chastened by their recent experiences: with very few exceptions, they greatly underestimated the depth of the present recession — notably because industrial destocking has gone further than expected, and because the world-wide rise in personal saving came as a complete surprise to most forecasters.

All the same, and despite their caution and short-term gloom, most of the forecasters believe that at bottom this is still a "normal" business cycle writ large. The equations have let them down, but for a perfectly respectable reason: the magnitudes of recent changes—the rate of price inflation, the fall in profits, the size of public sector borrowing in most countries, the rise in commodity prices and the subsequent fall in most of them—have all gone right outside recent experience. Economic equations, which essentially say that the future can be predicted from the patterns of the past, cannot by their nature perform very well when the present is quite unlike the past.

Equations

Economists can only observe, adjust and hope that what they are learning now will improve their equations so that they will in future accommodate a wider range of events in a reliable model. Like a family driver trying out a very powerful racing machine, they find that at first everything is very difficult to manage, and unpredictable swerves occur: but it is still a car, and the lessons of ordinary driving, suitably modified, still apply.

If it is true that this is the kind of mistake that economists have been making in the past two years, then the kind of forecast which is likely to be right is a modified version of the normal business cycle. The whole system seems to have become somewhat more unstable; this suggests that the upswing may be somewhat delayed, but also that it is likely to be rather violent. In such a projection the turn is at present seen by most forecasters as occurring some time in 1977 in good earnest. When it comes, it will pose severe management problems because of the clear fact that each successive upswing since the war has been more inflationary than the last, while the next is likely to start from a historically high rate of inflation. The future, in this view, is like the past writ large.

There is, however, a very different view emerging from a number of economists and analysts who are concerned not so much with models and calculated relationships as with financial markets and business opinion.

The essence of this essentially bankerly view, which is much more widely and forcefully expressed in the U.S. than in this country, is that the present cycle is quite unlike the previous ones we have suffered since the war, but is one of those secular turning points which seem to occur at very long intervals—the most obvious are those of the late 1870s, the late 1920s, and now. They are marked by an underlying change in business and personal beliefs and behaviour, most fundamentally in attitudes to risk: and since economic equations are basically predictions of behaviour patterns, such a change must invalidate all existing models. For people who think like this the rise in personal saving and the depth of destocking by industry are not unexpectedly large cyclical adjustments, but marks of a lasting change in attitude.

This can suggest a very different interpretation of recent events. The rise in personal saving is not a temporary hedging against unemployment, but a revival of the belief that there is no magic and painless way to provide for the future through successful speculation in stocks or houses, and no substitute for thrift. Businessmen are destocking not because they are temporarily unable to finance adequate stocks (which would suggest a large and inflationary surge of stockbuilding as soon as the credit pressure is relaxed) but because they are bitterly aware of the heavy risks of over-extended borrowing and over-ambitious production plans. Even if businessmen were not reluctant to borrow, they would find banks reluctant to lend, for bankers, too, have a new awareness of the risks they run. The implication of the whole picture for the future is that there will be no violent return of the pendulum: the Western economies will remain subdued for a long time.

> A view forcefully expressed in the U.S. is that the present economic cycle is unlike previous ones experienced since the war, but is one of those long-term secular turning points marked by an underlying change in business and personal beliefs and behaviour.

An eloquent statement of this point of view was heard in New York recently from Mr. Henry Kaufman, the widely-respected senior partner of Salomon Brothers, the bond brokers. It has been remarked in the recession that in the U.S. the bank and financial analysts have a much more impressive short-term forecasting record than the economists of various schools have achieved, and Mr. Kaufman's has been especially good. However, what he had to say in his speech to the New York State Bankers' Association was quite unlike any economic forecast with which readers may be familiar. A fairly extended quotation will give the flavour.

"Human behaviour can only be at its best when there is a clear recognition of both risk and reward. Unfortunately, we strive hard to break out of these constraints, after falling under an illusory spell that risks have been substantially reduced or virtually eliminated. The painful result is trouble.

"In the post-war years, for example . . . many believed that if steady growth was virtually guaranteed, then individually we ought to do much better. The consequence was a liberalisation of standards in all walks of life. . . . To many, the business of lending and investing became a game where the participants tended to forget their very serious fiduciary responsibilities. . . . In essence, long-term interest rates are an index of how well we live by the rules of conduct.

"Are we in a long-term cycle that will endure for many more years, and inflict us with worsening economic and financial disasters? I doubt it. . . . Several years ago I stated that we were entering a period of economic and financial disillusionment. The process is now well under way.

"We have begun to realise that Government cannot solve problems merely by spending, and cannot protect us from a variety of adversities which may have been actually aggravated by official policies . . . . In addition, we should not overlook the powerful disciplines which inflation has forced upon us. Inflation has heaped up a large volume of debt. This debt has immobilised many corporations, institutions and even Governments. It has also made many economic and financial participants far more circumspect . . . . For the first time in the post-war period, an entire generation is learning the hard way the consequences of too much borrowing."

Disillusionment in this country has gone so far that very few people could adopt this high-Victorian moral tone without blushing—though Sir Keith Joseph sometimes comes near it, and perhaps owes some of his influence to the fact. The analysis of events, however, sounds very like our own experience.

Indeed, rather similar views about a long-term change in underlying confidence are expressed by some City observers — most persistently, among those I have read, in the bulletins of Simon and Coates, the stockbrokers, but also in general conversation. The revival of the old joke about bankers—men who will only lend you an umbrella if it isn't raining—expresses one of Mr. Kaufman's conclusions, though in a very different tone of voice. As for the disillusion about Governments, we got there first: Ministers themselves have ceased to claim any power to alleviate conditions (though Mr. Harold Wilson and Mr. Denis Healey seem to believe that their impotence is purely the result of some local infection, to be cured in due course by a liberal application of North Sea oil, and that meanwhile the Americans, the Germans and others are simply too lazy to solve our problems for us).

What, if any, is the economic significance of widespread feelings of this kind? It is certainly questionable: as one merchant banker recently put it to me: "In every recession, I wait until someone comes in and reads me a solemn lecture about it being different this time, not just a cyclical swing but a sea change. Then I buy." One vital element in the argument between economists and financial analysts (and I should emphasise that this classification takes no account of violent disagreements within each camp) is how long the shock of recent events is likely to last.

Real despair is certainly likely to be short-lived—just as it was in the British equity market about this time last year. It is not quite so easy to believe, however, that things will be much the same as before.

It is not easy, for example, happily putting up the money for highly-geared property development for a very long time. It is not easy to imagine a central banker believing, as Bank of England officials told the House of Commons Expenditure Committee they believed in 1972, that a monetary expansion would encourage investment by pushing up share prices and making it cheaper to build a new factory than take over an existing enterprise. It is not easy to imagine a future Prime Minister following the example of Mr. Edward Heath, and berating industry for its lack of faith in the Government's commitment to growth; or, looking further abroad, to imagine Japanese trade officials thinking that it would again be a good idea to conceal a balance of payments surplus by buying up three years' requirements of wool and copper, regardless of price. We will no doubt make mistakes again, but they are likely to be different ones; and it will surely be a very long time before anyone believes in the economic omnipotence of governments again.

The last is perhaps the most important of our disillusions, and in this country it has already lasted for some years. One of the important causes of the high-inflation, low-growth disasters of the last cycle is that even before the Heath expansion began, the business community was disillusioned: long experience of stop-go, coupled with low profits, discouraged it from investing during the 1969-71 recession, so that output simply could not rise to match the demand created by the Government. (Apart from the long-term decline in profits—which classical economists would explain as the inevitable result of *too much* investment—it is hard to believe that the severe cut in real living standards which most business executives have suffered will not for some time depress what Keynes called their "animal spirits").

The trouble with all such generalisations is that they cannot be quantified, however convincing they may appear—and cannot, therefore, be weighed in an economic forecast.

Misleading

Parallels with previous downturns in the "long cycle" (the term is that used by Dr. Arthur Burns, the chairman of the U.S. Federal Reserve Board, who firmly believes in it) are bound to be misleading. Generous welfare provisions throughout the developed world have ensured that the fall in *consumption* has been very modest in comparison with previous slumps. The higher pace of technical obsolescence provides an extra motive for investment.

On the other hand, and partly as a result of these developments, the persistence of inflation remains, for the first time, a major impediment to recovery from a recession, and it may be a long time before businessmen feel that the credit on offer is cheap enough. In other words, uncertainty about future inflation rates has taken the place of uncertainty about future demand as the major threat of reviving confidence. This is certainly why financial analysts rather than economic model builders are more acutely conscious that this downturn may very well be different. When the future is unlike the past, forecasting is guesswork.

Letters to the Editor

Changes in S. Africa

rom Mr. Arthur Ashe.

Sir,—The article by Joe Rogaly (November 18) regarding British companies in South Africa was certainly heartening. Having recently spent ten days in South Africa but committed to a peaceful approach to change there, the changes you suggested I believe are imperative and timely.

Unlike American companies, with whom there are no special Commonwealth or family ties, British/South African firms, I feel, are more complacent about change.

Believing also that positions of privilege and power concede nothing without being forced, it would be unfortunate if ten years from now we are forced to say that in the late 70s a golden opportunity was missed to make life a lot better for 18m. black South Africans.

Arthur Ashe,
1, Seventeenth Street,
V Suite 808,
Washington, DC.

Buying-in know-how

om The Managing Director,
ay Turner.

Sir,—Mr. Albu's excellent letter (December 3) relating to the value and sophistication of foreign machine tools is a point which cannot be too strongly emphasised at this very critical time. The assumption that Mr. Albu makes, that British industry has become less and less technically competitive, is a valid point, but the British machine tool industry through successive Governments and the economic and political factors imposed upon it during the last decade, has considerably reduced its development potential.

Mr. Albu rightly infers that technical sophisticated equipment, particularly from Germany, is now more advanced than can be obtained from the British machine tool industry. One should not overlook the factors that over a protracted period, particularly in Germany and Japan, Government incentives and subsidies for development together with an expanding economy, have resulted in technically advanced and automated development projects, which in industry have not been possible due to the stop-go order of trade and the notorious and well known cycle of orders from the industries.

At this critical stage, Governments and institutions have suddenly become aware that the lack of sophistication in our equipment is now having a derogatory effect on production, but what the machine tool industry has known for many years has suddenly reached our politicians, who now talk about dated production methods, bad management, lack of automation, etc., and all the related factors which any self-respecting engineer in the machine tool industry has been aware of over the last decade.

I agree with Mr. Albu, a closer look at our technical education is necessary. Greater incentives are necessary if we are to encourage bright young people to look upon engineering as a respectable and rewarding career. I was surprised that Mr. Albu did not make the point that our foreign competitors, who believe in specialisation, have educated from a technical aspect, specialised engineers and scientists for the various facets of their industries. It would seem to me that our own institutions do not place the emphasis on specialisation that is apparent both in Japan and Western Germany.

Mr. Albu makes a point that growth industries should be supported, and I agree that if present economic stagnation is going to be beaten by economic and technological achievements, particularly in the field of exports, a massive development programme should be co-ordinated in the heavy equipment industry, and the time factor to be given the last chance is now becoming critical. I would, therefore, suggest that to ensure a long term future exists that we must get through this very difficult period, by agreements with German and Japanese companies, who possess the advanced technology we so urgently require. I have found foreign companies willing to co-operate on manufacturing under licence and technological interchange of people which can assist us to gain experience in these automated plants, which is so urgently required in our manufacturing industries.

The British machine tool industry has always had strong international links, and I believe this has given our people the opportunity to very quickly assimilate some of the sophisticated technology, and we could emerge again as a manufacturing nation of some significance, but only by forging these links and associations abroad can this be achieved.

I was extremely pleased to read Mr. Albu's letter and his correct interpretation of the skills and strategies which are required to give us, as he states, "our very last chance."

K. C. Cooper,
Manner Sutton Street,
Blackburn, Lancs.

Investing in people

From Mr. N. W. Bowie

Sir,—Mr. Clinton Davis, Parliamentary Under Secretary of State for Trade, is reported by you as questioning whether the very large property investments made by insurance companies had served the interests of the policy holders or the national wellbeing.

In recent years in relation to the very substantial falls in the price levels of Government stock and equity shares, property investments have demonstrated a remarkable degree of stability as falls in value have been much less in the longer term. Real estate has helped to underpin the value of insurance company assets in times of strain. The assets belong to the policyholders and represent in many cases their lifetime savings.

Mr. Clinton Davis, like other politicians, completely and regrettably overlooks the fact that investment in commercial property is investment in industry. The provision of buildings in which people can work and plant and machinery can be installed is equally as important as investment in plant and machinery and in the personnel who operate them. If all investment were made direct the manufacturing companies would have to divert part of those resources to acquire the necessary buildings for their operations and it matters little, therefore, whether the buildings are provided by insurance companies on a lease basis or industry direct on an ownership basis.

N. W. Bowie.
1, Uplands Close,
East Sheen, S.W.14.

The fourth risk

From Mr. C. Buckmaster.

Sir,—The mechanics of the Common Agricultural Policy are confusing but I wonder how many of your readers are aware of the extraordinary situation which now prevails.

• The CAP is based on the principle of fixed currency parities and the EEC Commission not only dislike floating currencies but actively seeks to nullify their effect, by establishing a complex system of payments and receipts called Monetary Compensatory Amounts (MCA), when CAP products cross EEC frontiers. Thus instead of gaining the traditional advantages of devaluation, cheaper exports and more expensive imports, British traders pay MCAs on exports and receive MCAs on imports. At a time when Britain is running a balance of payments deficit of approximately £2,000m., we are currently subsidising imports and restraining exports.

Confusion is the worse confounded when the British Government seeks to avoid the full consequences of its own economic policy by creating a bastard currency, the green pound, as the monetary unit for CAP transactions. The green pound is not at a parity with the normal pound which all of us use but its rate of exchange is altered arbitrarily, usually when Fred Peart has received sufficient pressure from the farming community in this country to force through another devaluation by overriding the wishes of Shirley Williams.

The effect on international trade in CAP products is alarming. Previously a trader had three risks when he made a forward contract. There was a commodity market risk, which in many cases he could cover by using the hedging facilities available in the commodity markets. Second, there was a currency risk which many responsible traders, who did not consider themselves currency speculators, covered by means of forward transactions in the currency market. Third, there was always the normal commercial risk that a buyer or seller could fail to supply or pay and here the trader relied on his experience. To-day, however, there has been added a fourth and entirely new risk, one related to MCAs against which traders can take no preventive action.

In negotiations both buyers and sellers are aware of the existence of MCAs and in practice they become an unstated factor in the determination of price, but although the MCAs are known at the time of signing a contract the amounts receivable at time of shipment are unknown, because the rate of the green pound may have subsequently been changed. There have been three devaluations of the green pound in 1975, on March 3 by 3.17 per cent., on August 3 by 5 per cent. and on October 27 by 5.8 per cent., each one unrelated on the day to any movement in the £ sterling. In one contract of which I am aware one of the parties has actually received £27,000 less than was expected at the time the contract was signed and consequently this contract has shown a substantial loss.

Under present rules there is no way in which a trader can cover or insure himself against such losses. He cannot operate in the forward currency market because in these markets the green pound does not officially exist. The EEC will not assist by allowing registration or fixing of MCAs at the time of signing the contract because the Commission claims that it will be unable to detect wilful abuse and fraud. In other words, it is unable to control the bureaucratic nightmare it has created. It is questionable whether the complexities of MCAs are understood by insurance companies and brokers who might otherwise be thought willing to cover this risk, although in fairness to them the risk is such that the subject might be thought to be more suitably the responsibility of Ladbrokes or Joe Coral!

We have thus reached a position where in order to attain a goal of supposed free competition within the EEC in CAP products the natural consequences of exchange rate changes are being partially nullified and in a manner which can cause substantial and unforeseen losses to traders. Furthermore, by creating additional uncertainty and risk the application of MCAs must actually inhibit and restrain EEC trade.

C. M. Buckmaster.
10, Upper Grosvenor Street, W.1.

Aviation problems

From The Chairman, Chelsea and Kensington Action Committee on Aircraft Noise

Sir,—Whom the gods would destroy they first make mad. No other conclusion can be reached when we learn from Michael Donne's forthright article (Dec. 1) that the Government has just published two consultative documents to deal with traffic jams at London airport since "by abandoning Maplin the aviation problems have reasserted themselves."

Indeed, it passes the comprehension of even the man in the street how, after the expenditure of millions of the tax-payers' money, this befuddled Government should now lash about, at the expenditure of yet further millions, to find piecemeal bureaucratic solutions to a major problem that can only be met by a new and completely viable airport on the coast. Only by providing the facilities can the U.K. hope to "continue in the main stream of international trade." anything else would be "disastrous."

The enormous sums already spent on exploratory work at Maplin resulted in far more advantageous findings than could have been hoped, and yet the present Government cancelled the project with a total disregard for the chaos and misery that must inevitably ensue if the noise factor, "already the most sensitive issue in world air transport," is not to be considered. Only by landing and taking off over the sea can the well-being of millions on the ground in the densely populated south of England be safeguarded. Only by siting a brand new and up-to-date airport at Maplin can the real aviation needs of this country be served.

Margot E. Estes,
30, Mallord Street, S.W.3.

To-day's Events

GENERAL

Ten-nation Eurogroup of Atlantic Alliance discuss co-operation in arms production, Brussels.

EEC Environment Ministers meet, Brussels.

Mr. David Ennals, Minister of State, Foreign Affairs, in Zambia prior to talks with Mr. Ian Smith, Rhodesian Premier.

Dr. Joop den Uyl, Netherlands Prime Minister, on official one-day visit to U.K.

Sir Ralph Bateman, CBI president, speaks at its North-West Region annual dinner, Manchester.

Shareholders in old Rolls-Royce group expected to be told how liquidation of company will be completed and when last 8.1p a share will be distributed.

Industrial tribunal continues hearing in case of six Ferrybridge power station workers dismissed by CEGB for not joining designated unions, Leeds.

Crossman Diaries published.

International Air Transport Association discusses travel agents' commission, Geneva.

Sir Lindsay Ring, Lord Mayor of London, attends presentation of Conservationist of Year award, Armourers and Brasiers Hall, E.C.2.

Institute of Metal Finishing holds Golden Jubilee dinner, Guildhall, E.C.2.

Mr. A. Silverleaf, director, Transport and Road Research Laboratory, gives Henry Spurrier Memorial Lecture—"Road Transport—the role of Research"—to open meeting of Institute of Transport, Royal Commonwealth Society, W.C.2.

National Union of Students' conference ends, Scarborough.

PARLIAMENTARY BUSINESS

House of Commons: Debate on effect of Government policy on offshore oil. Motions on European Communities (Definition of Treaties) Orders.

OFFICIAL STATISTICS

U.K. balance of payments (third quarter).

Hire purchase and other instalment credit business (October).

Retail trade (October—final).

Wholesale price index (November).

COMPANY RESULTS

May and Hassell (half-year).

Staveley Industries (full year).

Whitecroft (half-year).

COMPANY MEETINGS

See Week's Financial Diary on page 33.

COMPANY NEWS + COMMENT

Concentric forecasting further growth

A PROFIT target of £2m. is now regarded as being full attainable within the next two or three years by Mr. D. F. Dodd, chairman of Concentric; and while in several of the companies the current year has started quietly he sees no reason why 1975-76 should not show further progress toward this goal.

Efforts to extend the home and export trade and develop new markets are already bearing fruit and bode well for the future. The fabrications and pressings division has now entered the specialist heat exchanger field—good progress here is being maintained and the chairman expects to see this reflected in next year's results.

In the year ended September 27, 1975 profits, before tax, expanded from £813,583 to £1.27m. and the dividend is raised from 1.6p to 1.7875p net, as reported November 11.

An analysis of trading profit and other income — £1.31m. (£0.73m.)—shows (£000's omitted) —control equipment, valves and pumps £757 (£16 loss); metal fabrications and pressings £178 (£80); non-ferrous ingots and metal merchants £297 (£578); plastic components £60 (£70); and other income including associates £20 (£22).

Mr. Dodd says that one of the satisfactory aspects of the year's trading has been the improvement in the group's liquid position. At September 28, 1974, there was an overdraft of £1.5m. and later in the year it touched £2m. At September 26, 1975, the figure was reduced to just over £1m. despite the increase of 28 per cent. in turnover which involved an additional investment investment in working capital of over £430,000.

The improved position is attributed to more careful control of stocks and debtors, the substantial benefit from tax deferment through the stock relief provisions, repayment of the loan by the Australian associate, and greater profitability of operations. of operations.

Members are told that the overdraft position has improved still further since the year end throughout the receipts of £455,498 for assets realised.

At November 10 the S. W. Wood Wood held 16.31 per cent. of the Concentric equity.

Meeting, Sutton Coldfield, December 30 at 3 p.m.

● comment

Concentric's sales slowdown in the second half of 1974-75 has not stopped the group from taking a hopeful view of the future—not just this year but right through to 1978. By then earnings are expected to be comfortably over 6p a share (against 4p last year) which implies a p/e down to about 3 plus cover of over 2½ times for dividends under the present system of controlled advance. Meantime, the current balance-sheet shows only modest increases in net working capital, and a borrowing ratio down to under two-fifths of shareholders' funds worth close on 28p (against a share price of 31½p).

HIGHLIGHTS

The interim figures from General Electric mark the high water mark this week. These are due on Wednesday, while the preceding day produces a third quarter statement from Smith and Nephew along with interims from Hanson Trust and International Computers. Arthur Guinness is the latest entrant in this year's brewery stakes; its interim appears on Thursday. As for the week-end postbag, this contained six month figures from Clark and Fenn and an optimistic set of accounts from Concentric.

FRIARS OAK

An order made on November 18, for the compulsory winding up of Friars Oak Developments can be rescinded providing the company pays £49,160 to the petitioning creditors Twentieth Century Banking Corporation by to-day, the Appeal Court has decided.

Chemring earns and pays more

AFTER A rise from £122,200 to £125,000 at half-way pre-tax profit of Chemring improved from £259,400 to £271,500 for the year to September 30, 1975.

Earnings per 5p share are up from 2.7p to 6.9p and the dividend is raised from 0.9893p to 1.05375p with a final payment of 0.50575p net.

Direct exports were £0.72m. paid in foreign currencies, which represent 48 per cent. of total sales.

	1974-75 £000	1973-74 £000
External sales	1,519.8	1,470.1
Trading profit	234.8	227.4
Interest receivable	36.9	32.0
Pre-tax profit	271.5	259.4
Tax	137.1	151.3
Net profit	134.4	108.1
Extraordinary debit	—	60.0
Amortisation	6.4	—
Pref. dividends	3.1	3.1
Ord. dividends	21.1	19.5
Retained	116.7	33.3

Foseco Minsep joint venture in Iran

Foseco Minsep and the Industrial Development and Renovation Organisation of Iran (IDRO) have set up a joint company in Iran called Foseco Iran Sherkat Sahami Khass, the third shareholder is Asar Company, a member of Alireza Saheb's industrial and trading group.

The Iranian Ministry of Industry has now given formal approval to the venture to manufacture in Iran. It is planned to build a factory in Isfahan area next year.

Foseco Iran will be manufacturing and marketing the Foseco Minsep group's metalurgical chemical products and concrete admixtures and construction chemicals.

AUSTRALIAN CARBIDE

An extraordinary general meeting of Australian Commonwealth Carbide has been convened for December 30 to consider a resolution that—as already announced—the company be wound up voluntarily. The Board is unable to give any indication of the approximate amount that will be distributed to shareholders, but it is hoped that the liquidator, in view of substantial cash assets that now exist, may feel able to make a reasonably early interim distribution.

The chairman is confident that when the final distribution is made shareholders will feel that the solution of an extremely complicated and difficult problem has been satisfactory.

More Company News on page 32

Downturn at Fraser Ansbacher

MERCHANT AND investment bankers Fraser Ansbacher announces pre-tax profit almost halved from £230,000 to £124,000 in the six months to September 30, 1975. For the full year to March 31, 1975, profit was £0.46m. and the dividend 0.715p net.

Mr. Maxwell Joseph, chairman, says the group continues to place emphasis on the need to maintain assets in priority to maximising profits during these difficult times. However, despite a consistent high level of liquidity, and a prudent policy towards provisions, both the merchant and investment banking subsidiaries continue to operate profitably.

Additional provisions have been made in respect of R. Fraser Securities where the burden of servicing property assets is high in what is effectively a non-existent market. Further provisions to meet the revenue loss of this subsidiary are expected in the second half.

The overall condition of the group is sound and its fundamental banking business continues to develop satisfactorily, he adds.

	Six months 1975 £	1974 £
Profit before tax	124,000	230,000
Tax	96,000	123,000
Net profit	28,000	107,000
Extraordinary credit*	105,000	—
Attributable	133,000	107,000

* Include profit made on the disposal of the group's interest in C. E. Heath and Co.

The balance sheet of Henry Ansbacher, the merchant bank, shows current deposit and other accounts of £37.31m. at September 30, 1975, compared with £34.97m. at March 31, 1975. Balances with banks, bank certificates, etc., and cash amount to £24.09m. (£21.11m.), and loans, etc., to £15.44m. (£14.98m.).

Liability of customers for acceptances is £1.59m. (£1.73m.).

Clark & Fenn up midway

FIRST-HALF 1975 profits of Clark and Fen (Holdings) rose by some 19 per cent. to £488,000.

Chairman Mr. G. C. Vandervell does not expect this rate of advance being maintained for the whole of the year, but says it is unlikely that profits will be less than the £977,000 attained in 1974.

The interim dividend is stepped up from 0.78p to 1p net per 25p share, payable January 27. Subject to no change in legislation it is intended to pay the maximum permissible total, which would mean a final of 1.217p (1.2587p).

The company makes acoustic and other building products with associated contracting activities.

	Half-year 1975 £000	1974 £000	Year 1974 £000
Turnover	5,766	4,575	11,165
Profit before tax	488	410	977
Taxation	234	190	504
Net attributable	254	220	471
Dividend	35	45	113

● comment

Clark is 19 per cent. ahead before tax. But margins are clearly under some pressure, and the current six months are forecast to make inroads in that rate of profits growth. Still, the dividend is going up so the prospective yield at 44p remains above average at 7.7 per cent., and earnings cover this year should not fall too drastically from the historic 4.1 per cent. level. Last published borrowings (in December) were little more than a tenth of shareholders' funds which were worth 53p a share.

Chesterfield six months reduction

For the first half of 1975 Chesterfield Properties reports a decline in net profits from £254,000 to £238,000. This is after a £88,000 transfer from capital reserves for net outgoings on properties held for or in the course of development compared with £148,000 for the corresponding period.

No transfer has been made in connection with sites where development is indefinitely deferred.

The dividend payment is 0.79893p net which comprises an interim of 0.7p (same) per 25p share and an 'additional' .09893p for 1974 correcting the deficiency in the final dividend for that year when as already announced the intention ot pay the maximum permitted was not implemented. Last year's total was 2.88p from net profits of £0.55m.

	Six months 1975 £000	1974 £000
Property inv., etc.	1,006	940
Debenture and other int.	803	793
Profit before tax	203	148
Taxation	53	[illegible]
From capital reserve*	88	148
Net profit	238	254
Interim dividend	78	69

* Being net outgoings on properties held for or in course of development.

Profit for the six months does not reflect the anticipated increase in rental income for the second half as a result of the lifting of the rent freeze on March 19, 1975, the directors state.

Mr. T. C. Hudson, chairman of International Computer Holdings, who is due to announce to-morrow the results for the year ended Sept. 30, 1975.

Safeway expansion continues

REFLECTING a continuing trend over the past seven years, sales of Safeway Food Stores, the American-owned supermarket group, improved by 30.16 per cent. to £120.91m. During the year ended October 4, 1975, and pre-tax profit expanded from £2.01m. to £2.69m.

Five new stores were opened but due to the present uncertain economic climate, the new store development programme has been necessarily curtailed, and this "may well continue during the current financial year," says Mr. T. E. Spratt, managing director. The new Warrington Distribution Centre has now been completed and is operational.

Ever increasing competition within the industry and Government legislation continue to require that maximum effort is made in order to ensure that the high level of sales that are confidently forecast for the year ahead will also produce an acceptable level of net profit, he adds.

Safeway operates 52 supermarkets throughout England and Scotland. In 1968-69 the company returned sales of £20.2m. and pre-tax profits of £0.55m.

Hamilborne slumps in first half

A sharp drop in pre-tax profit from £43,061 to £4,339 is announced by brick makers, Hamilborne for the half year to June 26, 1975—in 1974 the figure was £83,589.

The interim dividend is 0.5p net, compared with 0.76p, but the directors intend to pay a total "not less" than last year's 1.26p.

They report that trading of the company's brickmaking subsidiary, Hammill Brick Eastry, has been poor in the first half and the brickworks was closed for several weeks. Production has since recommenced and stocks substantially reduced, but the state of the building industry generally remains depressed.

A number of acquisitions and investments have been considered. However, "there has not been a substantial deployment of the company's funds."

In September it was announced that Mr. E. D. Barkway, and Energy, Finance and General Trust had acquired from Bonas Webb a 29 per cent. stake in the company, following which Mr. W. L. Lambourne has resigned and Mr. Barkway has been appointed chairman: Mr. Lambourne remains as chairman of Hammill Brick Eastry.

	First half 1975 £	1974 £
Turnover	96,390	136,708
Profit before tax	4,339	45,016
Tax	—	24,300
Net profit	4,339	15,516
Attributable Ord.	4,339	18,316

British Building & Engineering

Profit, before tax, of British Building and Engineering Appliances dropped slightly from £126,000 to £117,000 in the six months to September 30, 1975. In the full year 1974-75 profit was £240,863.

First half turnover declined from £890,000 to £791,000 but the directors state this is an improvement on the second half of last year and signs are that this trend "will continue."

Stated earnings per 25p share in the half year are down from 4.95p to 4.63p and the net interim dividend is being raised from 0.9p to 1p. Last year's total was 2.326p.

Net profit emerges at £38,000 (£60,000) for the six months.

Better trend for Bolton Textile

DESPITE THE setback suffered in 1974-75, Mr. I. Goletka, chairman of Bolton Textile Mill, expresses confidence, in his annual report, that the group will advance its activities and show improved results in the future. The group has shown its resilience in the past to adverse economic trading conditions, he points out.

In the year ended April 30, 1975, group pre-tax profits dropped from £618,000 to £399,000, on a lower turnover of £9.71m. (£10.9m.).

Heavy losses on the footwear side accounted for the reduction in group profits, explains the chairman. This division has now been closed and all interests in it terminated. Capital released as a result has been used in the acquisition—for £705,000—of new headquarters comprising the entire premises at 23/28, Charterhouse Square, E.C.

The purchase price has been financed out of proceeds of the sale of the group's previous headquarters at Clerkenwell Road for £250,000 from the group's own resources and as to £250,000 out of a five year loan from the company's bankers.

In May, 1975, holders were informed of transactions concerning a site at Great Sutton Street, E.C., with a view to its occupation as headquarters. In the light of changed economic circumstances it was decided that such accommodation would be excessive and that smaller premises should be sought. Negotiations for the disposal of the interest in this site at a satisfactory figure have reached an advanced stage. Further details will be given as soon as possible and the chairman anticipates they will be of considerable benefit to the group.

In the textile and clothing division the phasing out of the circular knitting division, suffering severely from the recession, has released capital and will enable the directors to take advantage of future situations in textile and allied fields as they arise, says Mr. Goletka.

The warp knitting division was adversely affected by the decline in export orders but has branched out into manufacturing horticultural nets and is now actively engaged in developing its products for domestic uses. Results so far are encouraging and the Board looks forward to additional profitability in this sector.

In connection with the group's share incentive scheme, the annual meeting will be asked to approve a profit target recommended by the directors of pre-tax gross earnings of 9.15p a share.

Meeting, Winchester House, E.C., December 30 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below is based mainly on last year's timetable.

TO-DAY

Interims—Elsvoortuitzicht Gold Mines, Carclo Engineering, Harold Ingram, H. C. James, James Latham, May and Hassell, Alfred Preedy, W.G.I., Whitecroft, Bry Williams.

Finals—Authority Investments, Crosby Group, Durban Roodepoort Deep, East Rand Proprietary Mines, William Jacks, Management Agency and Music, Nottingham Patent Brick, Slavelor Industries.

FUTURE DATES

Interims—

Castings	Dec. 9
Crown House	Dec. 12
Dumplex Industries	Dec. 11
Greene King	Dec. 11
Hong Kong Selangor Rubber	Dec. 11
Imperial Continental Gas	Dec. 15
Knott Mill	Dec. 10
Nova Jersey Knit	Dec. 9
Richardsons Westgarth	Jan. 5
Tex Abrasives	Dec. 15
Trafford Carpets	Dec. 11

Finals—

Barston	Dec. 11
Northern Food	Dec. 11
Williams (J.) of Cardiff	Dec. 11

BIDS AND DEALS

WIGHAM POLAND ACQUISITION

Wigham Poland Holdings, the insurance broking company controlled by Anglo-Continental Investment and Finance, which is headed by Mr. Jimmy Goldsmith, the new Slater Walker Securities chairman, has acquired Bateson and Payne, Lloyd's brokers.

Mr. John Smith, Wigham Poland's managing director, said of the purchase, whose value is not disclosed: "This acquisition is a further step forward in our development. Bateson and Payne's specialist skills in handling building and civil engineering contractors' insurance will assist our

TKM SALE

Tozer Kemsley and Millbourn (Holdings) New York subsidiary, Fenchurch Corporation, is selling its 50.21 per cent. share in Auto Finance Corporation (incorporated in Puerto Rico) to the minority holders, the Gomez Brothers, for $U.S.700,000 cash (£345,000). An EGM of TKM has been called for December 22 to approve the sale.

DAWSON & BARFOS—MATTHEWS

Matthews Holdings announces that its offer to acquire Dawson and Barfos has become unconditional following the granting of listing of the new Ordinary shares in Matthews to be issued. Acceptances of the offer have now been received in respect of 91.3 per cent. of the Dawson shares. The offer remains open until further notice.

In view of the acquisition of Dawson, whose current financial period ends on December 31, 1975, Matthews has decided to extend its financial period ended September 27, 1975, to cover the 15 months to January 3, 1976.

As a result of this change Matthews intends to declare a second interim dividend of 1.3732p net per share, payable in April, 1976, in respect of the 15 months ending January 3. This is in lieu of the proposed final of 1.3732p specifically referred to in the offer document.

DAVID DIXON

The directors of David Dixon and Son Holdings announce that following the Tranwood Group offer for Bank Bridge Group, which among other things is conditional on a rearrangement of the settlement relating to the debt of £710,025 due from Bank Bridge to David Dixon, discussions are to take place with the Boards of Tranwood and Bank Bridge.

Purpose of the discussions will be to consider alternative proposals for the settlement of the debt. Shareholders will be advised as soon as possible.

MAXLIM ARRANGEMENTS

Maxlim Fashions announces that, subject to shareholder approval, it has entered into certain arrangements with Mr. Stephen M. Arnold under which it has acquired for £1, 50 per cent. of Nikki Stevens, a company in which Mr. Arnold will retain a 25 per cent. interest, and has subscribed £65 for 65 per cent. of Daniel Oliver, a company in which Mr. Arnold owns 12½ per cent. These are newly formed companies of negligible assets and no profit records.

Mr. Arnold will be responsible for the operation of Nikki Stevens and Daniel Oliver for five years and has also agreed to act as a consultant to Maxlim's subsidiary, Maxwell Cooper, for a similar period. Mr. Arnold will also be joining the Board of Maxlim.

It is proposed in connection with these arrangements that Mr. Arnold will be entitled to receive annually for the five-year period an amount equivalent to 5 per cent. of the pre-tax net profits of companies under his direction, including Maxwell Cooper, such amount to be satisfied by the issue to him of shares in Maxlim at a price of 15p per share, subject to adjustment to take into account any capital reorganisation of Maxlim, and subject to a total maximum of 10 per cent. of the capital of Maxlim, any excess being payable in cash.

BELGRAVE ASSETS

Lothian Investment Trust has acquired 30,000 Ordinary shares in Belgrave Assets making total holding 405,000 shares (13.5 per cent.).

هكتبة الاهرام

Pending dividends timetable

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year		Date	Announcement last year
D Tocol.	Nov. 25	Int. 4.637%	Johnson-Richards (H. & R.) Tiles	Jan. 16	Int. 4.8%
lted Breweries	Jan. 7	Sec. Int. 12.3%	Jones Stroud	Jan. 8	Int. 2.5%
aglo-American Group	Dec.	Dividends	*K Shoes	Dec. 9	Final 7.8%
agle Transvaal Group	Dec.	Dividends	Keyser Ullmann	Dec. 23	Int. 6.6%
ssoc. Dairies	Dec. 18	Int. 6% §	LRC Internt.	Jan. 8	Int. 12.7%
ssoc. Engineering	Dec. 11	Final 14.6%	*Lloyds and Scottish	Dec. 11	Final 13%
ssoc. Paper	Jan. 16	Final 6.9%	Manbre and Garton	Jan. 15	Final 12.8%
ssoc. Television	Dec. 11	Int. 11%	*Marley	Dec. 16	Final 9.5%
/P Indusis.	Jan. 6	Sec. Int. 4%	McCorquodale	Jan. 8	Final 11.5%
uker Perkins	Dec. 12	Int. 3%	*MEPC	Dec. 18	Final 2.75%
risford (S. and W.)	Dec. 12	Int. 19.6%	*Meyer (Montague L.)	Dec. 16	Int. 5.4%
C Intnl.	Dec. 17	Final 8.5%	*Northn. Foods	Dec. 11	Final 9.1%
irton	Dec. 16	Final 8.8%	*Pegler-Hattersley	Dec. 12	Int. 13.4%
venham	Dec. 18	Int. 8%	*Redland	Jan. 15	Int. 6.3%
iarterhouse Group	Dec. 18	Final 13%	*RHP	Dec. 9	Final 11%
ty of London Brewery	Jan. 13	Sec. Int. 2.7%	*Richardsons Westgarth	Jan. 21	Int. 3.1%
mpair	Dec. 17	Final 16.4%	Rothmans International	Dec. 17	Int. 6.5%
ucrete	Jan. 17	Int. 6%	Samuel (H.)	Jan. 8	Int. 5.3%
stillers	Dec. 19	Int. 6%	SGB	Jan. 13	Final 13.2%
stern Produce	Dec. 5	Int. nil	*Scrck	Dec. 9	Final 7.2%
ectronic Rentals	Jan. 9	Int. 7.7%	*Staveley Inds.	Dec. 8	Final 6%
glish Prop.	Dec. 19	Int. 3.7%	Stead and Simpson	Jan. 9	Int. 3%
eneral Electric	Dec. 10	Int. 8.9%	*Stenhouse	Dec. 18	Final 19.4%
neral Mining Gp.	Dec.	Dividends	Thorn Elecil.	Jan. 15	Int. 11.5%
ld Fields Group	Dec.	Dividends	Tobacco Securities	Jan. 8	Final 49.6%
inness (A.)	Dec. 11	Final 21.3%	Trafalgar House	Dec. 6	Final 10%
thrie	Dec. 18	Int. 8.9% §	*Unigate	Dec. 17	Int. 6%
) (Matthew)	Dec. 15	Int. 7.8%	Union Corpn. Group	Dec.	Dividends
zson Trust	Dec. 16	Final 17.8%	Ward (Thos. W.)	Jan. 13	Final 15%
dy & Co. (Furn.)	Dec. 9	Int. 6.9%	Warren Tea	Jan. 17	Int. 3.3%
son and Welch	Jan. 9	Final 18.6%	*Whessoe	Dec. 11	Final 13.06%
ïoung (S.)	Dec. 30	Int. 7.7%	Wood Hall Trust	Nov. 6	Final 23%
Gas	Dec. 16	Int. 4%	*Woodhead (Jonas)	Dec. 12	Int. 10¼%
ial Services	Dec. 19	Int. 3.2%	*Worth (Bond)	Dec. 11	Final 10%
rnational Timber	Jan. 7	Int. 13.8%			
annesburg Cons. Group	Dec.	Dividends			

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Local Authority Investments

LOCAL AUTHORITY loan rates were generally easier last week, falling most sharply in the shortest periods. Deposits with local authorities at two-days' notice fell to 11-11¼ per cent. from 11¼-11½ per cent., and at seven-days' notice to 11-11¼ per cent. from 11¼-11½ per cent. One-month deposits eased to 11-11¼ per cent. from 11½ per cent., and three-month to 11¼-11½ per cent. from 11½-11¾ per cent. The one-year mortgage rate was quoted at 12½-12¾ per cent. against 12¾-12⅞ per cent. at the end of the previous week.

The gilt-edged market was fairly steady and quiet, and the Financial Times Government Securities Index closed the week at 58.13, compared with 58.87 on the previous Friday.

One-year local authority bonds were placed during the week at par, with a coupon of 11¾ per cent., to offer a yield ⅛ per cent. higher than the previous week's batch.

*Rate (%) December 5, 1975

ays' notice (deposit receipt)	11 —11¼
ays' notice (deposit receipt)	11 —11¼
ays' notice after one month (deposit receipt)	11 —11¼
ays' notice after three months (deposit receipt)	11¼ —11½
ays' notice after six months (deposit receipt)	11¼ —11½
gage at one month's mutual notice after 11 months	12¼ —12⅝
gage at one month's lender notice after 11 months nominal term 2-5 years	n.a.
ears' mortgage	12¾ —13†
ears' mortgage	13¼ —13‡†
ears' mortgage	13¾ —14†
ears' mortgage	13¾ —14†
years' mortgage	n.a.
years' mortgage	n.a.

* Rates are for sums not less than £20,000 and are subject to local variations and fluctuations. † Nominal. ‡ Shorter periods may attract higher rates than longer. n.a. Not available.

Public Works Loan Board rates

Effective from November 29, 1975

Years	Quota loans Repaid By instalments	Quota loans Repaid At maturity	Non-quota loans* Repaid By instalments	Non-quota loans* Repaid At maturity
Up to 5	12	12¼	12¼	13¼
Over 5, up to 10	12¾	13¾	13¾	14¾
Over 10, up to 15	13	15	14¾	15
Over 15, up to 25	15	15	15	15¼
Over 25	15	15¼	15¼	15¾

* Non-quota loans B are 1 per cent. higher in each case than quota loans A.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

INTERNATIONAL COMPANY NEWS

AGC insurance bid

BY JAMES FORTH — SYDNEY, Dec. 7.

AUSTRALIAN Guarantee Corporation, Australia's largest finance company, to-day launched a surprise $A34m. cash bid for the insurance group Mercantile Mutual Insurance Co. AGC already has its own wholly-owned insurance subsidiary and, if its bid succeeds, would virtually double the size of its activities in this sphere. The offer, $A2.75 a share cash against a market price of $A2.05, caught investors and Mercantile Mutual directors unawares. Although Mercantile directors have not yet indicated their attitude they are expected to recommend rejection. Mercantile managing director, Mr. W. M. Cowper indicated to-night that he thought the bid terms too low in relation to the company's asset backing of about $A4.00 a share.

Putting their case, AGC directors said the offer price represented an increase over market of 34 per cent. and that if the cash was invested in 12 per cent. prime debentures, shareholders would obtain an increase in income of 33 per cent.

AGC is a 58 per cent.-owned subsidiary of the Bank of New South Wales, Australia's largest private trading bank. Mercantile would fit neatly into its large distribution network and would bring more than 60 of its own outlets. The bid is neatly pitched at a time when the insurance industry is struggling after problems in workers compensation and third party insurance and several natural disasters, including floods and the Darwin cyclone.

AGC'S insurance subsidiary earned $A1.1m. in 1974-75 despite an underwriting loss of $A1m. Mercantile earned only $A109,000 after $A3.7m. underwriting loss. Mercantile's premium income totalled $A37.6m. against $A33.6m. for AGC (Insurance). If AGC succeeds, it would also obtain a life insurance operation, a small merchant banking arm and a leasing side.

ACI dividend cut

BY JAMES FORTH — SYDNEY, Dec. 7.

AUSTRALIAN Consolidated Industries, the major glass, plastics and packaging group, has again trimmed its dividend after a profit downturn for the September half-year. Trading profit fell by 18.5 per cent. to $A8.08m. on virtually steady sales of $A218.8m. The latest downturn follows a drop of 59 per cent. in the first half of 1973-74 and a further 42 per cent. decline in the second half. In addition to the trading result ACI has written off abnormal items totalling $A6.57m., reducing profits to $A1.5m. The abnormal items include losses incurred during the start-up period of the group's two-piece can operations for which no allowance has been made for tax relief. The group also incurred significant losses in the electronics field where escalation clauses in contracts were insufficient to cover the level of inflation experienced.

The interim dividend has been reduced from 5 cents a share to 4 cents. Last year the company cut the total payout from 13 cents to 10 cents after its profit reversal.

The company has not included as extraordinary items provisions for unrealised losses arising from an increase in liabilities due to strengthening of the New Zealand dollar amounting to $1.9m. Of this $480,000 relates to minority interests. The provisions are partly offset by previous gains which were also not taken to account unless realised.

Toyota export hopes

NAGOYA, Dec. 7.

TOYOTA MOTOR Sales Company hopes to export next year more than the 850,000-860,000 units sold in 1975, vice-president Seishi Kato said.

Mr. Kato told a Press conference that export prospects for the European market were not good in view of possible moves in Europe to curb car imports.

He added that the oil producing countries, particularly in the Middle East, were expected to be a promising market next year. Reuter

World Economic Indicators

INDUSTRIAL PRODUCTION (1970=100)

					% change on year earlier
	Oct. '75	Sept. '75	Aug. '75	Oct. '74	
Japan	113.0	113.0	111.2	118.1	— 4.4
Germany	107.4	103.8	90.9	112.5	— 4.5
U.S.	116.5	116.2	112.9	124.8	— 6.7
Italy	123.0	117.6	58.9	131.0	— 6.1
	Sept. '75	Aug. '75	July '75	Sept. '74	
Holland	109.0	98.0	91.0	115.0	— 5.0
U.K.	99.8	99.0	100.1	107.6	— 7.2
	Aug. '75	July '75	June '75	Aug. '74	
Belgium	97.6	70.8	114.6	112.0	— 3.9
	July/Aug. '75	June '75	May '75	July/Aug. '74	
France	110.0	112.0	108.0	124.0	—11.3

Illovo Sugar setback

By Richard Rolfe

JOHANNESBURG, Dec. 7.

PRODUCTION problems, adverse weather and rapidly rising costs have combined to dent profits at Illovo Sugar Estates, Tate and Lyle's quoted subsidiary in South Africa, where figures for the six months to end-September show a reduction from R1.8m. to R1.2m. with previous tax losses exhausted, the tax charge has risen from R527,000 to R638,000 and after striking a balance on currency realignments the upshot is earnings down from R1.4m. to R541,000. Per share, this works out to 8.6 cents against 26.1 cents, but the interim dividend is unchanged at 4 cents. The shares fell 30 cents to 135 cents on Friday.

Cane output fell from 211,000 tons to 184,000 tons, which is 10 per cent. of industry total, but the industrial average sugar price per ton was up R35 at R164. The Board points out that "special circumstances" in the sugar industry, by which heavy fixed expenses are incurred in the first six months of the financial year with little revenue offset means that the results just declared are not actual but represent half the official estimate of profits for the full year to March 31, 1976, compared with half the results achieved for the previous year.

Stewarts up in S. Africa

By Richard Rolfe

JOHANNESBURG, Dec. 7.

STEWARTS and Lloyds, the South African steelmaker in which British Steel holds 23 per cent., has turned in record figures for the year to September 30, with turnover from the tubing, foundry, trading and manufacturing interests rising from R179m. to R204m. and operating surplus before tax more than keeping pace with a jump from R17.9m. to R21.4m. Adjusting for some minor exceptional items, the net figure is up from R9.3m. to R12.4m. and earnings rose from 41 cents to 55 cents. The dividend has been raised 4 cents to 17 cents, putting the shares up 5 cents to 165 cents.

In a statement the Board says that though economic growth faltered in the building, consumer durable and agricultural sectors in the past year, demand from industry catering for development of the infrastructure "remained strong" and, until the last quarter, so did demand from the mining industry. On a p/e of little more than 3, the shares are over-discounting the problems inherent in any further slowdown bearing in mind that net worth was 280 cents in the last balance-sheet and long-term liabilities represented only R18m. of R80m. capital employed which leaves S and L in a strong position to meet heavy capital commitments over the next few years.

MINING NOTEBOOK

Why South Africans are buying Murchison

BY LODESTAR

THE STRENGTH of the shares of the South African antimony producer Consolidated Murchison, in which Johannesburg Consolidated and Anglo-Transvaal both have a stake is puzzling some U.K. shareholders who are wondering whether or not to take their profits. At 800p on Friday the price in London was only 10p off the 1975 high.

What is considered to be worrying is that the company has done relatively badly in 1975 and has cut its dividend from 130 to 80 cents (45.3p). Moreover, it is argued, what signs are there that it will do any better in the coming year? The answer is that there are none whatsoever unless the hoped-for world economic recovery really begins to come about.

In that case, however, Murchison is well placed. Better than the copper producers is the next investor query. The answer to this is that, whereas many of the latter are in the kind of loss-making situation from which a really big economic turn-round will be needed to extract them, Murchison is at least still strongly in the black.

This year's 80 cents dividend was twice covered by earnings of 163 cents a share. Recent indications of a new orebody should banish any life worries. But the big talking point is the paid for antimony stocks which have been enforcedly built up in 1975. It is the possibility that these can be run down next year which could be the kind of 1976 profit booster that could put Murchison in the forefront of this kind of market recovery movement.

Bulls must primarily keep their eye on the revival in the world's automobile industries particularly that in the U.S. while antimony's use in flame-retardant materials should also be borne in mind.

In any case Murchison looks to be heading for a dividend recovery next year and, for the speculatively minded, there is the excitement of the shars' historic volatility. It is the only stock that I can remember which in one bad year for antimony actually gave a yield on the previous dividend of 100 per cent. It can, in other words, be a rapid mover.

Cash happy

Last week's announcement that the Canadian-Irish Northgate Exploration was providing some funds for one of the group's constituents, Anglo United Development, by a subscription of 0.6m. shares for $0.4m. has drawn attention to the fact that the first-named company is in the happy position in these days of cash stringency throughout the industrial world of being highly liquid. Has money with nowhere to go was one recent comment. This is probably why, as reported here on November 24, that rumours are abroad in Dublin about Northgate being a take-over target and that Messina through its Irish exploration activities could be a possible bidder.

In any case Northgate seems to be sitting pretty in that it can be self-financing for its exploration activities both in Ireland to the north of the Tara find and in Canada. At Tara's Navan property, now that the deal with the Irish Government has at long last been done, activity is picking up again after the temporary close-down with a view to bringing the deposit to production in 1977.

So it may be relevant once again to stress the narrowness of the market in Tara shares themselves. The present firm holdings are put at approximately 10 per cent. by Northgate, some 30 per cent. by its directors, 20 per cent. by Noranda and 31 per cent. by Cominco and Charter Consolidated with the last-named, in conjunction with its parent Anglo American, holding 14 per cent. This leaves less than 10 per cent. of the issued capital to float around in the market. Tara thus remains a "big boys" stock. Northgate at 235p could be the better bet for the believer in lead and zinc hitting the recovery trail in due course and for those who hope that the company will be able to put its big funds to good use in due course. At least it has a reasonably good track record in this respect.

Copper hopes

As regards Messina, it is something of a hopeful sign that the managing director Mr. W. I. Spence is not altogether gloomy about copper prospects. In his capacity of deputy chairman of the company's Rhodesian offshoot, MTD (Mangula), he reckons that the worst of the recession has been seen, making the immediate outlook one of fluctuating prices around the present level with a slow improvement during 1976.

Thus, taking the recent devaluation of the Rhodesian dollar into account, Mr. Spence looks for improved Mangula earnings in the year to next September. Significantly, he points out that the comparatively high 1974-75 dividend of 19 cents could be afforded because of the substantial reserves built up in previous years. Messina has a 59 per cent. stake in Mangula. The latter's dividends can still flow to the parent company in South Africa although not, unfortunately, to U.K. holders.

Another chairman who has spoken out over the week-end is Mr. A. C. Petersen who heads South Africa's intriguing mining conglomerate, Transvaal Consolidated Land. His verdict on the possible results for the year to next September is that earnings and dividends should be at least as high as those for 1974-75 in view of the group's rapidly increasing coal interests, its expanded production and sale of chrome ore and the substantial asbestos royalties.

These interests should offset the weakness of platinum in the immediate future and the currently uncertain outlook for gold. Mr. Petersen, however, still thinks that TCL can look forward to a sustained and, in the longer term, a growing income from the latter.

He talks in a low key about the company's exploration activities but there is no doubt that its mineral rights are an attractive element in the long-term future of this Barlow Rand subsidiary. It was just over a year ago when I first drew attention to the shares as being "unduly low." They were then 590p and are now £11 having touched £14 earlier this year. This "veritable treasure chest," as one London broker recently described TCL, looks worth having a stake in.

Randfontein

To date, the forecasts here of the South African half-yearly gold-mining dividends have been pretty near the mark although Western Areas showed a degree of managerial confidence with a higher than expected distribution when viewed against the company's capital expenditure commitments and the onset of tax liability. But the biggest surprise was the absence of any payment from Randfontein. However, this can hardly be viewed as a complete disappointment in view of the accompanying £74m. expansion plans detailed in our Mining News columns on Friday.

True, the shares at £17½ went down a bit on that day against the market trend. But the general verdict, anyway in London, was that they are soon likely to reassert themselves as a leading gold-uranium investment stock although it is hoped that the uncertainties involved in the loan raising plans will speedily be dispelled. A really bumper return to the dividend list next June should in any case be a certainty. The December expectation, now dashed, was for a half-year 50 cents (28.3p).

The Barlow Rand group dividends are due to-day including Blyvoor's interim; those of Anglo American on Thursday including Western Deep and Vaal Reefs and Union Corporation on Friday.

* * *

On November 24 I was writing about Sabina's hopes in a New Brunswick forest arising out of the Nine Mile Brook zinc-lead-copper discovery being probed there with the backing of the U.S. Steel giant. I hear from Toronto that there could be some encouraging drilling results from the property this week. Sabina were 114p on Friday.

INSURANCE

Involved exemptions

BY OUR INSURANCE CORRESPONDENT

ONE OF THE latest reports of the Law Commissioners—on exemption clauses—makes far reaching legislative proposals which must be of concern to everyone whether in our capacity as consumers (whom the Law Commissioners hold to be in need of greater protection from the wiles of the suppliers of goods and services) or in the course of our daily work in industry and commerce (where not infrequently the Law Commissioners reckon we impose unfair contracts on unfortunate consumers).

The report is made by the English and Scottish Law Commission and runs to some 200 pages of which almost half is taken up with draft bills to amend the laws of England and Wales on the one hand and of Scotland on the other. So it is not light reading and in making short comment there is the clear risk of superficiality.

The Law Commissioners deal with the present impact of exemption clauses under three headings—the supply of goods, negligence and contractual obligations. Thereafter general aspects are considered, with separate recommendations being made by the English and Scottish Commissioners where appropriate. Throughout the report the Commissioners make it clear that they are concerned with consumer transactions—that is to say, where the supplier of goods and services is contracting in the course of business and the purchaser is not so contracting: the Commissioners are not therefore concerned for example in the supply of goods, with the relationships between manufacturer, wholesaler and retailer, but only with the relationship of retailer and customer.

Agreement

The recommendations in Part III of the report which deals with negligence have already had a fair amount of publicity: there are differences of view here between the English and the Scots but agreement on the recommendation on provisions excluding or restricting liability for death or personal injury.

It is said that these should be made void in respect of accidents at work where the employer is liable, of transport accidents where the carrier is liable, of car park accidents where the occupier is liable, to mention but three. And the Commissioners think that power should be given to the Secretary of State to make regulations for the voiding of exemption clauses relating to injury and death in other spheres if the Director-General of Fair Trading so recommends.

Clearly there is much here for the liability insurance market to chew on. With any change of law of this kind, the number and cost of claims must increase, and the cost of those claims will have to be met ultimately by us the consumers in the price we pay for the goods and services we require. In the present economic climate this cost must be weighed very carefully against the benefits of the proposals.

Turning now to contracts (dealt with in Part IV of the report) the Commissioners widen their horizons: they no longer deal solely with consumer contracts but contracts on written standard terms. This latter phrase is wide enough to bring within the scope of the proposed legislation perhaps 95 per cent. of insurance contracts, perhaps more, whether or not they are consumer contracts. The proposal here is that there should be control over exemption clauses by way of a reasonability test: here again the English and the Scots differ, both to what the test should be and how the test should operate.

The average insurance contract has numerous exemption clauses, some defining precisely the cover given, some requiring special action by the policyholder in the event of claim, others requiring special action by him in the management of his risk—and so on. Exclusions, conditions and warranties could, on the face of it, all come within the proposals.

Thus the whole of the law and practice of insurance could be put on uncertain ground if the proposals are implemented in their present form.

But at this stage they are for discussion only between government and all interested parties—the broad shape of the legislation that will probably emerge next autumn may have been set, but much detail may yet be changed.

Money and Exchanges

Bank of England Minimum Lending Rate 11½ per cent. (since November 28, 1975)

Short-term fixed period interest rates were generally easier last week, with the sharpest falls recorded in the shortest periods. The one-month sterling certificate yield fell to 11$\frac{1}{16}$-10⅞ per cent. from 11$\frac{5}{16}$-11$\frac{3}{16}$ per cent., the two-month to 11⅛-11 per cent., from 11$\frac{5}{16}$-11$\frac{3}{16}$ per cent., and the three-month to 11$\frac{3}{16}$-11$\frac{1}{16}$ per cent., from 11$\frac{5}{16}$-11$\frac{3}{16}$ per cent. The 12-month rate declined to 11¼-11$\frac{5}{16}$ per cent., from 11$\frac{9}{16}$-11$\frac{7}{16}$ per cent. on the previous Friday.

At the weekly Treasury bill tender the average rate of discount eased by 0.0105 per cent. to 10.9775 per cent. and Bank of England Minimum Lending Rate was unchanged at 11½ per cent.

Day-to-day credit was in better supply last week, but a severe shortage on Monday was relieved by exceptionally large lending by the authorities, overnight at Bank of England Minimum Lending Rate, to eight or nine discount houses. There was an adequate supply of funds to the market on Tuesday and Wednesday and the authorities did not intervene. A small amount of Treasury bills was purchased on Thursday and on Friday the shortage was relieved by moderate purchases of Treasury bills.

Sterling remained depressed in the foreign exchange market in the early part of last week, and touched $2.0135-$2.0145 during trading on Monday, and closed at $2.0200-$2.0210 on Tuesday, equal to its lowest ever closing level against the dollar. The pound's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, finished at its worst ever closing level of 30.2 per cent. on Monday and Tuesday, and touched 30.3 per cent. at noon on Tuesday and at noon and in early dealings on Wednesday, an all time worst level for sterling against major currencies.

The pound began to recover by the close on Wednesday however, finishing at $2.0245-$2.0255, and its depreciation narrowing to 30.1 per cent. Further commercial demand on Thursday lifted sterling to $2.0290-$2.0300 at the close, with the trade-weighted figure improving to 30 per cent. The pound ended the week at $2.0240-$2.0250, compared with $2.0200-$2.0210 on the previous Friday, and its trade-weighted depreciation stood at 30 per cent., an improvement of 0.1 per cent. on the week.

The U.S. dollar had a mixed week, but tended to be undermined by further worries about the New York financial situation and by doubts about the rate of U.S. economic recovery.

Gold finished at $138¼-$139¼.

EXCHANGE CROSS-RATES

Dec. 5	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf'rt	—	2.614-616	58.75-85	6.63-64	5.29-30	97.60-70	98.90-99.0
N. York*	38.26-28	—	22.48-50	2.540-545	2.029-030	37.25-27	37.93-95
Paris	169.875-275	4.4437-4557	—	11.260-285	9.008-033	165.66-06	168.21-61
Brussels	15.08-09	39.43-46	8.86-88	—	79.87-80.0	14.69-73	14.91-94
London	5.29½-30½	2.024-025	9.00½-01½	79.85-80.05	—	5.42¾-43¾	5.33¼-34½
Am'erdam	102.475-525	2.6812-37	60.295-345	6.795-300	5.4345-95	—	101.485-535
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

U.S. $ in Montreal. Canadian cents. Canadian $ in New York. U.S. $ in Milan. Sterling in Milan. * Rates for Dec. 4.

EURO-CURRENCY INTEREST RATES*

[illegible]

FORWARD RATES

—	One month	Three months
New York	0.87-0.77 c. pm	2.40-2.30 c.pm
Montreal	0.30-0.20 c. pm	3.85-3.75 c.pm
Amst'dam	3-2 c. pm	8¾-7¾ c.pm
Brussels	40-20 c. pm	110-90 c.pm
Cop'nhg'n	7-5 ore pm	16-14 ore pm
Frankfurt	3⅝-2⅝ pf. pm	10-9 pf pm
Lisbon	[illegible]	[illegible]
Madrid	[illegible]	[illegible]
Milan	[illegible]	[illegible]
Oslo	[illegible]	[illegible]
Paris	[illegible]	[illegible]
Stockh'lm	[illegible]	[illegible]
Vienna	[illegible]	[illegible]
Zurich	[illegible]	[illegible]

SPECIAL DRAWING RIGHT RATES

[illegible]

GOLD MARKET

	Dec. 5 1975	Dec. 4 1975
Gold Bullion (a fine ounce)		
Close	$138¼-139¼	$138¼-139¼
Opening	$138¼-139¼	$138¼-139¼
Morning fix'g.	$138.25 (£68.191)	$138.50 (£68.328)
Afternoon fix'g.	$138.00 (£68.121)	$138.85 (£68.406)
Gold Coins (domestically)		
Krugerrand	$140¾-142¾ (£69½-70½)	$142¼-144½ (£70¾-71¼)
New Sov'r'gns	$43½-45½ (£21½-22½)	$44-46 (£21¾-22¾)
Old Sov'r'gns	$43½-45½ (£21½-22½)	$44-46 (£21¾-22¾)
Gold Coins (Int'rn'n'aly)		
Krugerrand	$141-143 (£69¾-70¾)	$142-144 (£70-71)
New Sov'r'gns	$41¾-42¾ (£20¾-21¼)	$42¼-43¼ (£20¾-21¼)
Old Sov'r'gns	$41¾-42¾ (£20¾-21¼)	$42¼-43¼ (£21-21½)
$20 Eagles	$216-219	$218-221
$10 Eagles	$110-115	$113-116
$5 Eagles	$71-74	$73-76

FOREIGN EXCHANGES

Dec. 5 1975	Bank Rates %	Market Rates Day's Spread	Market Rates Close
New York	6	2.0255-2.0310	2.0240-2.0250
Montreal	8¼	2.0480-2.0530	2.0465-2.0475
Amst'rdam	4½	5.42-5.45	5.42¾-5.45¾
Brussels	†6	79.70-80.20	79.85-80.05
Copenh'gen	7½	12.37-12.40	12.37½-12.38½
Frankfurt	3½	5.28-5.32	5.29½-5.30½
Lisbon	6½	54.50-54.80	54.55-54.75
Madrid	†7	120.40-120.80	120.45-120.65
Milan	6	1,380-1,385	1,380½-1,382½
Oslo	5	11.21½-11.24½	11.22-11.23
Paris	8	9.00-9.05	9.00½-9.01½
Stockholm	6	8.91½-8.94½	8.92-8.93
Tokyo	6½	615-622	620½-622½
Vienna	6	37.20-37.60	37.30-37.50
Zurich	5	5.35-5.37	5.33½-5.34½

† Basic discount. ‡ Rates given are for convertible franc; closing financial franc 81.90-82.30.

OTHER MARKETS

		¶Notes Rates	
Argentina	112.00-112.20	Argentina	250-275
Australia	1.8032-1.8184	Austria	37-38½
Brazil	17.87-18.07	Belgium	81-83
Finland	7.84-7.85	Brazil	20-25
Greece	70.878-72.618	Canada	2.04½-06½
H'ngKong	10.20½-10.25½	Denmark	12.25-.45
Iran	138-140	France	8.90-9.10
Kuwait	0.586-0.596	Germany	5.20-5.35
Luxemb'g	79.85-80.05	Greece	75-78
Malaysia	5.2160-5.2575	Italy	1485-1535
N.Zealand	1.9341-1.9505	Japan	6.10-6.40
SaudiArbia	7.10-7.20	Netherl'ds	5.35-5.55
Singapore	5.0395-5.0585	Norway	11.10-.30
S. Africa	1.7543-1.7748	Portugal	70-90
U.S.—		Spain	118½-123
Canada		Switz'land	5.30-5.50
CS1—		U.S.	2.01-2.03
U.S.cents	98.88-98.91	Yugosla'ia	39-40

¶ Based on rates quoted by specialist dealers. Other rates may be quoted elsewhere. ◆ Rate given is the financial rates. Special financial rate 159.25-159.45.

WEEKLY AVERAGES OF U.K. INDICES

Week to—	Dec. 5	Nov. 28	Nov. 21	Nov. 14
Financial Times				
Govt. Secs.	58.15	58.57	58.54	58.57
Fixed Interest	58.57	58.87	58.94	59.16
Industr'l Ord.	365.6	366.5	375.7	368.3
Gold Mines	230.6	228.1	235.3	261.5
Dealings mkd.	6,506	7,180	8,302	8,232
F.T. Actuaries				
Ind. Group	146.01	149.92	150.16	147.98
500-Share	160.76	161.75	165.4	163.34
All-Share	154.33	156.86	159.31	157.31
20-year Govt.	46.08	46.62	46.65	46.78
Red. Debs.	45.91	46.10	46.04	45.87

London tea sales

At the tea sales held in London last week 44,145 packages sold realised an average price of 62.85p per kilo compared with 62.73p at the previous sale and against 65.09p a year ago. Plain tea was quoted at 49p.

	No of kilos	Average per kilo
African Highlands Prod.	82,906	65½p
Amgoorie	8,369	69p
Anglo Ceylon and Gen.	36,307	57½p
Assam Co.	15,592	70½p
Assam Cons.	14,900	68p
Assam Doors	22,790	60½p
Assam Frontier	126,765	65p
Attaree Khat	9,551	67p
Blantyre	34,411	57p
Bogawantalawa	9,200	69p
Borelli	10,091	69p
Central Africa	21,314	55½p
Ceylon Tea Plantations	41,724	59p
Chulsa	14,173	85½p
Dekhari	39,238	67½p
Demodera	12,995	57½p
Doom Dooma	45,442	57½p
Duckwari	8,714	57½p
Eastern Produce	10,193	57p
Imperial	43,017	46p
Jokai	41,962	69p
Kenya	117,074	69p
Moran	33,168	67½p
New Dimbula	32,800	60½p
Pabbojan	36,408	66p
Rue Estates	28,732	62p
Scottish Tea and Lands	57,806	58½p
Standard	19,861	64½p
Telbedde	14,791	66p
Tingri	17,963	69p

Stocks at November 28 amounted to 62,299 metric tons compared with 57,501 metric tons a year ago. Converted at 48.958 kilos per package.

INSURANCE BASE RATES

† Atlantic Assurance ... 12 %
Cannon Assurance ... 9½%

† Address shown under Insurance and Property Bond table.

EUROBONDS

New issues continue unchecked

THE SECONDARY market was quiet last week and is expected to continue so until after Christmas with market participants reluctant to open up new positions before the end of the year. However, the indications are that the latest new issues, despite last week's upsurge in volume continue to be successfully absorbed.

Of the two U.S. dollar issues which closed last week, the 9¾ per cent. Granges was quoted at 100½/¾ on Friday after a par pricing while the European Investment Bank's 9 per cent. middle eastern issue was quoted at 98¾/9½ after being priced at 99.

The largest issue to be announced last week was $75m. for Ontario Hydro. It was only last September that this same borrower raised its last $75m. and the differences in terms between the two issues reflect the changes in the market since then The indicated coupon on the new offering has been set at 9 per cent.—the same as on the previous issue—but the maturity is two years longer, seven years instead of five. The lead manager is Deutsche Bank as before. The old issue was quoted at 100¼/1 on Friday.

Other new dollar issues are as follows: $40m. for Cie Française des Petroles, indicated coupon 9 per cent., maturity six years and lead manager Banque de Paris et des Pays Bas; and a $30m. convertible for Mitsubishi Electric, indicated coupon 7¾ per cent., maturity 15 years and offering price expected at par with Kidder Peabody International as lead manager. A Can$25m. issue for Beneficial Finance came out over the week-end. Maturity will be seven years but with an investors' option to redeem in 1979. Indicated coupon is 9¾ per cent. and lead manager Blyth Eastman Dillon.

The latest D-mark issue is DM100m. for Norway, indicated coupon 7¾ per cent. on an issue price expected to be 99½. Lead manager is Deutsche Bank. Following that, a DM100m. issue for Ireland is expected with Commerzbank as lead manager.

SAS signs Thai transfer

By John Walker

STOCKHOLM, Dec. 7.

SCANDINAVIAN Airlines (SAS) has signed an agreement for the transfer of the SAS shareholding in Thai International to the Thai Airways Company (TAC), which will take effect as from March 31, 1977. The transfer will result in total Thai ownership of the National Airline of Thailand. SAS and TAC jointly formed Thai International in 1959

At the same time the shareholders have agreed to increase the share capital of Thai International from Baht 100m. to Baht 200m. The new capital will be subscribed entirely by TAC. Both airlines have agreed to continue their normal co-operation, particularly in the technical, commercial and operational fields. Thai International has ordered two DC-10-30 wide bodied Trijets which are expected to be delivered in June, 1977, with an option of an additional three more DC-10s.

Currently Thai International operates two DC-10s on lease from the French airline UTA. These will be returned to UTA when Thai International's own aircraft are delivered. The technical similarity of the new DC-10s to the existing fleet will enable Thai International to continue its overhaul and maintenance co-operation with the KSSU group of arilines.

Trusts merge

By Guy Hawtin

FRANKFURT, Dec. 7.

THE Bayerische Hypotheken — und Wechsel Bank and the Dresdner Bank—West Germany's largest commercial bank—are to merge their investment trust interests. The deal will take the form of an exchange of shares.

According to a statement to-day, the Bayern Hypo-owned Allfonds-Gesellschaft fuer Investmentanlagen of Munich and the Dresdner Bank's Deutsche Investment-Trust Gesellschaft fuer Wertpapieranlage will start working together shortly. As a result of the deal, Allfonds will in future issue no more units, but DIT units will be sold through the Hypo's 500 branches.

DIT controls funds worth DM3.4bn. and is one of the Federal Republic's leading investment trusts. Allfonds controls funds worth DM340m. Under the deal, the Hypo will get 10 per cent. of DIT's equity and from Dresdner Herr Rudolf Renner, a member of the Hypo's executive Board, will join the DIT supervisory Board as deputy chairman.

New system for cleaning water

TEL AVIV, Dec. 7.

A NEW system for the removal of poisonous materials from ground water has been developed by the membranes and ion exchange division of Ben-Gurion University, Beersheba, Israel.

In agricultural areas where chemical fertilisers are used, it is believed that the concentration of nitrates in ground water increases cumulatively with time.

The University's research and development authority developed and set up an experimental device for the removal of nitrates from the water, replacing them with non-toxic substances. In this process, sea water can be used instead of artificial salt solutions, making the process considerably less expensive and, at the same time, more efficient.

After laboratory tests had proved themselves, a pilot device for the removal of nitrates from water was set up. The device has already been in operation for more than a year and has proved effective.

Reuter

Indices

NEW YORK

DOW JONES AVERAGES

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Dec. 5	97.13	86.53
4	98.37	87.54
3	98.54	87.60
2	99.98	89.33
1	101.55	90.67
Nov. 28	102.19	91.24
26	101.85	90.94
25	101.57	90.71
24	100.40	89.70
21	100.22	89.53
1975 High	107.40 (15/7)	96.91 (15/7)
1975 Low	77.71 (8/1)	70.74 (8/1)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Dec. 3 1975	Nov. 28 1975	Dec. 4 1974
Ind. Ord. yield pc ...	3.64	3.69	5.03
Ind. Ord. p/e ratio ..	12.09	11.97	9.38
Long-term Gov. Bds. per cent.	6.08	6.10	6.50

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Avon Products	306,700	38⅛	−5⅛
CITI	180,200	27	−1⅛
Polaroid	128,800	31⅛	−1⅛
General Motors	117,000	53	−1⅛
Greyhound	110,600	12⅞	−⅛
Nor. Sta. Pw.	108,800	26⅜	—
Xerox	104,400	47⅛	−2⅛
Texaco	98,200	23⅛	−⅜
Microdot	93,800	16⅛	+4⅛
ALCOA	89,400	34⅝	−⅛

TORONTO

INDUSTRIAL INDEX

Dec. 5	Dec. 4	1975 High	1975 Low
172.89	173.45	196.80 (15/7)	159.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

JOHANNESBURG

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Dec. 4	Nov. 27	Nov. 21
On Dividends	5.92	6.34	6.49
On Earnings	9.48	10.54	10.83

SYDNEY ALL ORD. INDEX

Dec. 5	Dec. 4	High 1975	Low 1975
440.79	440.37	440.79 (5/12)	283.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Dec. 6	Dec. 5	High 1975	Low 1975
316.45	317.23	333.11 (2/7)	268.24 (10/1)

HONG KONG INDEX *

Dec. 5	Dec. 4	High 1975	Low 1975
314.79	316.49	641.57 (9/6)	160.42 (9/1)

SINGAPORE INDEX §

Dec. 5	Dec. 4	High 1975	Low 1975
228.19	228.65	258.69 (11/3)	155.46 (8/1)

EUROPE

	Dec. 5	Previous	1975 High	1975 Low
Belg'm (a)	105.33	104.08	111.21 (16/6)	89.07 (2/1)
Denm'k (b)	99.89	99.75	100.35 (3/12)	75.06 (15/1)
France (d)	69.4	69.1	72.8 (23/4)	61.70 (2/1)

AUSTRALIAN WEEKLY LIST

TEL AVIV STOCK EXCHANGE

HONG KONG

SINGAPORE STOCKS

JOHANNESBURG

AUSTRALIA

CANADIAN WEEKLY LIST

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY

MILAN

AMSTERDAM

SWITZERLAND

COPENHAGEN

PARIS

VIENNA

STOCKHOLM

SPAIN

BRUSSELS/LUXEMBOURG

TOKYO

OSLO

AUTHORISED UNIT TRUSTS

REGIONAL MARKETS

FINANCIAL TIMES STOCK INDICES

—	Dec. 5	Dec. 4	Dec. 3	Dec. 2	Dec. 1	Nov. 28	A year ago
...nment Secs.	58.13	58.10	58.16	58.17	58.18	58.57	50.79
... Interest	58.67	58.54	58.58	58.51	58.54	58.80	51.65
...rial Ordinary	367.6	364.2	368.1	366.6	361.2	357.3	165.2
... Mines	240.1	256.8	229.4	225.4	218.4	222.7	383.4
...Div. Yield %	5.73	5.79	5.73	5.76	5.85	5.90	12.36
...gs Yl'ld % (full)(a)	15.95	16.10	15.95	15.98	16.22	16.44	35.55
...atio (net) (a) (b)	9.12	9.04	9.13	9.10	8.97	8.86	4.16
...gs marked	5,796	6,744	6,412	7,253	5,544	7,404	5,218
...y turnover £m	—	64.06	64.50	67.55	60.97	76.96	35.54
...y bargains total	—	13,944	14,798	16,582	14,074	17,987	12,424

10 a.m. 368.9. 11 a.m. 365.5. Noon 368.1. 1 p.m. 369.3.
2 p.m. 369.3. 3 p.m. 368.4.
Latest Index 01-246 8026.
(a) Based on 52 per cent. corporation tax. (b) Nil=9.05.
...asis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold ... 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1975 High	1975 Low	Since Compilation High	Since Compilation Low
...Secs.	62.34 (20/5)	49.18 (6/1)	127.4 (9/1/35)	49.18 (6/1/75)
...Int.	62.31 (21/5)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
...rd.	377.8 (19/11)	146.0 (6/1)	543.6 (19/5/72)	49.4 (25/6/40)
...ines	442.3 (22/5)	218.4 (1/12)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Dec. 5	Dec. 4
Daily—		
Gilt-Edged	163.9	184.1
Industrials	199.5	242.5
Speculative	41.4	56.4
Totals	131.9	163.5
5-day Av'r'ge		
Gilt-Edged	166.3	165.6
Industrials	229.2	242.0
Speculative	52.0	55.2
Totals	146.1	165.4

FT—ACTUARIES INDICES

—	Dec. 5	Dec. 4	Dec. 3	Dec. 2	Dec. 1	Nov. 28	A year ago
...rial Group	146.96	145.86	147.77	146.35	143.12	143.70	62.63
...ares	161.67	160.58	162.44	161.11	157.93	158.46	57.33
...ield pc	5.70	5.76	5.69	5.73	5.85	5.83	12.40
...atio (net)	9.34	9.28	9.40	9.32	9.15	9.16	3.94
...ares	155.00	153.97	156.07	154.89	151.72	152.38	65.59
...s yield pc	14.96	14.95	14.95	14.94	14.94	14.92	17.00

BASE LENDING RATES

...T International	11 %	Julian S. Hodge	12 %
...lied Irish Banks Ltd.	11 %	Industrial Bank of Scot.	11 %
...nglo-Portuguese Bank	11½%	Keyser Ullmann	11½%
...enry Ansbacher	11½%	Knowsley & Co. Ltd.	12½%
...anco de Bilbao	11 %	Lloyds Bank	11 %
...anco de Jerez	11½%	London & European	11½%
...ank of Cyprus	11 %	London Mercantile	11½%
...ank of N.S.W.	11 %	Midland Bank	11 %
...anque du Rhone S.A.	11½%	■ Samuel Montagu	11 %
...arclays Bank	11 %	■ Morgan Grenfell	11 %
...arnett, Christie Ltd.	12 %	National Westminster	11 %
...emar Holdings Ltd.	12 %	Northern Comm. Trust	11½%
...it. Bank of Mid. East	11 %	Norwich General Trust	11½%
...own Shipley	11½%	Portman Guaranty	11 %
...yzer, Bowater Co. Ltd.	11½%	P. S. Refson & Co.	11 %
...dar Holdings	11 %	Rossminster Accept'cs	11 %
...arterhouse Japhet	11½%	Schlesinger Limited	11½%
E. Coates	11½%	E. S. Schwab	12 %
...nsolidated Credits	12 %	Security Trust Co. Ltd.	12½%
...-operative Bank	*11 %	Shenley Trust	12½%
...rinthian Securities	11 %	Standard Chartered	11 %
...edit Lyonnais	11 %	Sterling Credit	12½%
R. Dawes	12 %	Thames Guaranty	11 %
...lboff Brothers	12 %	Trade Development Bk.	11 %
...uncan Lawrie	11 %	Twentieth Century Bk.	12½%
...glish Transcont.	12 %	United Bank of Kuwait	11 %
...rst London Secs.	11 %	Whiteaway Laidlaw	11½%
...tony Gibbs	11 %	Williams & Glyn's	11 %
...ode Durrant Trust	11 %	Yorkshire Bank	11 %
...eyhound Guaranty	11 %		
...indlays Bank	11 %		
...inness Mahon	11 %		
...ambros Bank	11 %		
...awtin & Partners	13 %		
...ll Samuel	§11 %		
Hoare & Co.	†11 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 7%, up to £25,000 7½% and over £25,000 8½%.
§ Demand deposits 8½%.

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

Recovery for Longbourne

MAINLY DUE to the considerable rise in world tea prices, trading profit of Lougbourne Holdings was £0.3m. for the year 1974, compared with a loss of £0.34m., and pre-tax profit more than doubled from £0.2m. to £0.51m. Turnover from tea sales was £2.39m. (£1.61m.).

Stated earnings are 32.89p per £1 share, against 11.35p and the dividend is being raised from 3.35p to 3.5p net, absorbing £44,346 (£42,445).

After tax of £82,649, compared with £52,007, which includes a £29,219 (£24,408) tax credit on U.K. dividends received, and a tax adjustment of £26 in 1973, net profit increased from £130,959 to £423,844.

In his annual statement, the chairman, Mr. H. G. Sinclair, reports that the early months of 1975 witnessed a severe drought in the Sylhet district and it is now inevitable that there will be an overall drop in crop.

Although present prices in London are slightly higher than those for the same period in 1974, the Chittagong market has been unsteady and, at date, "shows a general decline." Most items essential to efficient operation of a tea estate remain not only in short supply but are extremely expensive and in these conditions the outcome of the 1975 working "cannot be viewed with complacency."

Referring to the sale of Sathgao Tea Garden, he regrets that, due to legal complications, this estate has not yet been conveyed to the purchaser who, however, continues to finance the running of the property.

On efforts to obtain sanction to remit funds from Bangladesh, Mr. Sinclair says that so far representations have met with no success but there will be no relaxation in attempts to secure permission.

Meeting, 37, Mincing Lane, E.C., December 31, noon.

Leeds Dyers improves

Including exceptional items of £46,304 taxable profit of Leeds and District Dyers and Finishers improved from £282,782 to £345,355 in the year to September 30, 1975, after a fall from £137,410 to £105,460 at halfway.

Yearly earnings per 25p share are shown to have risen from 4.8p to 7.34p and a final dividend of 1.847p net raises the total from 2.308p to 2.463p at a cost of £63,881 (£59,869).

	1974-5	1973-4
	£	£
Turnover	3,759,330	3,094,964
Trading surplus	433,295	405,449
Depreciation	134,144	122,667
Exceptional items*	46,204	—
Pre-tax profit	345,555	282,782
Tax	153,167	158,200
Net profit	190,388	124,382

* Being the excess of fire insurance proceeds over the cost of assets destroyed.

Profit is stated after additional charges for depreciation, loan interest and commissioning new plant of some £100,000.

The liquid position remains sound after capital expenditure of over £500,000 during the past year, state the directors.

Abbey Property Fund value rises £18m.

BY ERIC SHORT

IN 1974-75 the value of the Abbey Property Bond Fund increased by £18m., to stand at £178m. on October 6, 1975. Overall liquidity rose by £9m. to £34.6m.

The fund received a net amount of £11.4m. with a further £6.4m. of income which was distributed. Consequently, the number of units issued increased from 141.3m. to 160.6m. at the end of the year. The price fell heavily during the first three months, but a subsequent recovery of 29 per cent. in 1975 resulted in a net rise of 1.4 per cent. in the unit price on the year.

The portfolio includes more than 50 office investments, over 200 shops, nearly 4m. square feet of industrial space and 20 square miles of agricultural property. Overseas assets now comprise 16½ per cent of the portfolio

Principal new acquisitions in the year were an industrial estate in Bristol and an arable farm near Colchester. The main property management activity has been focused on the progressive improvement of the existing portfolio. During the year, 11 properties were sold for £6.0m. against an aggregate value of £5.7m.

The report shows that 93 per cent. of the portfolio was subject to rent revisions every three, five or seven years although in some cases it is even on an annual basis.

During the current year, about 80 leases are subject to rent reviews and the independent valuers estimate that, based on current values, the rental income will rise from £8.4m. to £12.7m. within the next two years.

Mid term drop at Highams

Reporting pre-tax profit down from £391,000 to £303,000 in the half-year ended September 27, 1975, the directors of Highams say that in common with others in the textiles industry the group has had a difficult half year and there do not appear to be any present signs of improvement.

Interim dividend is held at 0.7p net absorbing £42,152. Last year's total dividend of 2.2969p was paid on profits of £630,000.

	Half-year 1975	Half-year 1974	Year 1974-75
	£000	£000	£000
Sales	8,091	8,614	18,590
Trading profit	439	577	1,007
Interest	136	186	377
Profit before tax	303	391	630
Tax	158	195	322
Net profit	145	196	308

own team to expand in this area both at home and overseas."

Sharp fall at L. B. Holliday

ANILINE dye manufacturers L. B. Holliday (Holdings) announces a sharp fall in profits before tax from £917,274 to £301,192 for the year to June 30, 1975.

This privately held company has "close" status.

	1974-75	1973-74
	£	£
Turnover	7,834,154	7,457,213
Pre-tax profits	301,192	917,274
Tax	117,540	352,853
Extraordinary credit	125,905	—
Dividends	56,143	57,970

D. CHARLES

David Charles' rights issue to raise £2m. on the basis of one-for-one at par has been taken up as to 98.37 per cent. of the issue. The balance has been sold, and the net proceeds will be distributed to entitled shareholders.

COMPANY NEWS IN BRIEF

ASSAM CONSOLIDATED TEA — Although report and accounts for 16 months to April 30, 1975 will be sent shortly, not possible for them to be in members' hands for required statutory period to enable them to be presented at AGM before end of current calendar year. Meeting for Dec. 30 therefore convened to comply with requirements of Companies Act 1948.

ATTWOOD GARAGES—Interim dividend 0.6125p (same). Turnover half-year ended July 31, 1975, £1,932,617 (£2,607,737). Profit £17,018 (£21,127), before tax £8,649 (£10,986). Earnings 0.38p (0.45p) per 25p share. Outlook for rest of year depends on availability and price of products, and in particular demand in New Year for cars and trucks.

BADULIPAR TEA—Not possible to issue report and accounts for 1974 before end of current year due to unavoidable delays in information from India. Company has had a satisfactory trading year, although financial position in this country is such that Board feels unable to recommend an ordinary dividend for year 1974 or even to maintain payment of Preference dividend until such time as adequate funds are received from India.

BARNAGORE JUTE FACTORY—Because audited accounts from India received in London only on November 24, not possible to complete audit and circulate report for consideration at AGM to be held by December 31.

CLIFFORD AND SNELL—AGM has to be postponed. Will now be held at Purley Way, Croydon, December 18, at 3.0 p.m.

JOHN J. LEES (confectionery manufacturers)—Interim 0.48p (same) net. Last year's total 1.0259p. Turnover £417,113 (£359,447), six months to September 30, 1975. Pre-tax profit £30,442 (£34,091). Tax £12,821 (£14,990). Retained £12,121 (£14,791). Board believes that prices are now correctly adjusted, that costs are being controlled, and that sales are increasing in quantity as well as value. In this climate they expect the results for the year to be very similar to last year, when profits totalled £74,418.

ROSEHAUGH COMPANY—Results for year to June 30, 1975, reported November 28. Quoted investments £444,500 (£615,354). At valuation £353,210 (£808,779). Meeting, 37, Queen Street, E.C., on December 30 at noon.

SHEFFIELD REFRESHMENT HOUSES —Turnover £227,680 (£204,000) six months to September 30, 1975. Profit £574 (£9,095), including interest received £290 (same) and for Hotel St. George, interest received nil (£12,802). Interest paid £9,782 (nil) and trading loss £6,894 (nil). Tax nil (£18,290) and deferred £12,970 (£1,204). Net loss £12,022 (profit £18,515). Extraordinary debit £1,440 (nil). Results for first full months of trading by the Hotel St. George indicate that it is already contributing profits to Group and outlook is very encouraging. Profits for year should be satisfactory. Dividend expected to be at least same rate as last year, and future viewed with optimism.

WYNDHAM ENGINEERING CO.— Turnover for six months to September 30, 1975, £72,000 (£67,000). Pre-tax profit £2,700 (£2,450). Tax £350 (£730), leaving £2,350 (£1,700). Directors state that since June turnover and profit have decreased considerably and this tendency will continue for remainder of year.

Minister outlines plans for 'nucleus' hospitals

BY DONALD MACLEAN

RESOURCES AVAILABLE for hospital development should be concentrated on the treatment of acute cases and the expansion of the number of medical student places. Dr. David Owen, Minister for Health said during the weekend.

District general hospitals should be developed initially as basic units with about 300 beds allowing additions at a later stage, he said. They should start as a nucleus, "primarily focusing on acute services."

The concept had emerged early this year "and was being quickly developed." Dr. Owen told the annual meeting of the Medical Practitioners' Union, in London. The idea was in contrast to that of a 1,200 to 1,800-bed district general hospital implied by the 1969 Bonham Carter Committee.

The nucleus 300-bed hospital might be developed eventually into a hospital of "say 600, or very exceptionally, 900 beds." but the basis of this kind of hospital was to make "no definite decision as to the eventual size."

Preparations

The start "is a standardised, but flexible, basic hospital design for around 300 beds at a cost —in May, 1975, prices — no higher than £6m." and with a limited choice of content.

It was specifically designed to be built in phases that were also flexible in content. In most cases it would contain acute and emergency units, and had to be used intensively, to justify "the very high capital investment and revenue costs of 24 hours a day, 7-days a week cover."

The first nucleus hospital will be at Newham with the main building contract getting under way in the autumn of 1977.

The Department of Health and Social Security believes that it will be able to offer a nucleus design "which other regions could plan on starting in the financial year 1978-79."

There was "no prospect in the next three to four years of any substantial injection of new money into capital building.

Low-cost State loans suggested to ease newspaper changes

BY MICHAEL THOMPSON-NOEL

STATE AID to help the newspaper industry surmount the technological hurdles it is facing, and the associated manpower questions of redundancies and retraining, is suggested in a submission to the Royal Commission on the Press from the Acton Society Trust published yesterday.

The Trust says that help for newspapers should be in the form of fixed-sum, low-cost Government loans over a five-year period and for fixed objectives.

A short life for the scheme, plus strict terms of reference, should help avoid charges of political interference in the Press says the submission's author, Mr. Rex Winsbury, a member of the Financial Times editorial staff.

Mr. Winsbury says that the Commission must point out firmly in its interim report that it is to be deplored that the national newspaper industry, management and unions, have allowed themselves to get into a predicament of serious financial and technological pressure, and that there is a danger that the industry's existing structure may simply be propped up, relieving those concerned of the need for fundamental rethinking.

Various forms of State aid for newspapers have been proposed, says the submission, including Government-owned printing presses, redistribution of advertising revenue and a newsprint subsidy.

But the most obvious and generally acceptable form of aid, as well as the most definable in terms of aims, duration and cost, would be a scheme to help the Press face the challenge of technological change.

The aims of the scheme would include drawing up a common approach to the industry's technical problems; calculating reasonable manning standards under the new technology; ensuring fair terms for those made redundant, or retiring early, and ensuring that proper retraining is introduced.

State Aid for New Technology by Rex Winsbury for the Acton Society Press Group, 9, Poland Street, London, W.1.

Eastern bloc demand could aggravate beef shortage

BY PETER BULLEN

THE EXTENDED period of world beef shortages expected to begin next year may be aggravated by increased pressure on supplies by demand from Communist countries

The large shortfall in the Soviet Union's grain harvest this year has meant a sharp cut in its livestock numbers as there is insufficient seed available for the animals through the long winter months. This in turn will lead to shortages of meat in a year or two when the animals now being slaughtered would have been marketed.

Should the Eastern bloc countries turn to world markets for supplies, any large-scale purchases would put added pressure on the restricted quantities of red meat available.

Supplies will be restricted then because producers all over the world have been cutting back on livestock numbers following 18 months of low returns due to a combination of over-supply and low market prices and high costs caused by general inflation and the steep rise in animal feed prices.

Already in the U.K. butchers are forecasting a steady upward trend in prices over the next few months followed by an even sharper rise late spring. Mr. George Allen, Aberdeen University's Professor of Agricultural Economics, recently painted a bleak picture of longer-term meat supplies.

Should there be poor grain harvests again next year at a time when economic revival in the West is pepping up demand for meat the stage would be set for severe red meat shortages in 1977 and 1978 he forecast.

But for Britain, whose economic recovery is likely to be lagging behind, he forecast five years of stagnating demand for meat. By 1980 we would probably not be able to afford much more meat than we were producing a decade earlier—about 900,000 tons compared with the 1.2m. tons achieved in the past year.

THE JOBS COLUMN

They've remembered again

BY MICHAEL DIXON

SEVERAL offers this week, thanks to last week's reminder that this column actually likes to give free notice of interesting jobs provided that the employer can be named and the salary is normally at least £4,000. Why do I need to keep issuing reminders? Could it be that this country's senior managers, while being able to spot an opportunity, then forget about it almost immediately?

THE BAHAMAS national airline, Bahamasair, is expecting to expand quickly. To this end, it is seeking a director of finance. Responsible to the chief executive, the newcomer will be fully qualified and probably have senior experience in air transport. Candidates need to show evidence of flexible approach, ability to initiate and control change, and willingness to become totally involved in the business. Age 35-50. Base Nassau. Salary at least £12,500, and tax-free at that. Applications to Alistair Tucker of Alistair Tucker Associates (29-30 St. James's St., London SW1A 1HL—tel. 01-930 [illegible]312).

CLEAR-HEADED, absolutely accurate person is wanted by the Consumers' Association to research financial matters and then write reports on them for the magazine, Money Which?, whose editor is Tim Crawley-Bevey. A graduate economist might have an advantage, but the only essentials are the qualities I mentioned at the outset plus the ability to write technical information in a way laymen can understand. (That is fairly easy, really, provided you yourself understand what you're writing about and work according to the maxim: the reader doesn't know anthing and, what's more, isn't much interested in learning.) Salary around £4,000. Base London. Applications to Miss Lisa Owen, the personnel officer, at 14, Buckingham Street, London, WC2N 6DS. Tel. 01-839 1222.

PAUL WISEMAN of Marling Industries wants someone to develop the intermediate bulk container project which Marling's subsidiary, Miller Weblift, has been working on since the start of the year. Entitled project—or brand—manager, the recruit will be responsible to the Marling directors for generating inquiries by advertising and public relations, arranging and attending trials in various countries, and establishing price levels and long-term contracts. Candidates' experience, preferably big-group marketing, must show practical and commercial creativeness. Age mid-20s. Base London, but much travel. Salary negotiable above £4,000. Car. Applications to Mr. Wiseman at 14 Aylmer Parade, London N2 0PF—tel. 01-340 4687 and 4046, and for some reason 01-348 1559 and 6942 as well.

DEREK FITCH, general manager of the W. D. Scott management consultancy, is seeking people with experience in improving productivity, job evaluation and salary structuring, applying behavioural sciences, management training, manpower planning, or organisation development of all those dislikable terms, the one which most makes me grit my teeth is behavioural sciences). Candidates for these consultants' jobs should be graduate-level, aged 28-40. Salaries about £5,000. Inquiries to Mrs. E. J. Collier at Hesketh House, 43-45 Portman Square, London W1H 9FG. Tel. 01-486-5091.

NOW a pair from Professional and Executive Recruitment. Telephone the PER consultants, as indicated.

Christie Electronics, of Stroud, wants a qualified engineer as technical director designate. Candidates must have experience in the development, design, manufacture and application of computer peripherals, microprocessor interfaces, and mini-computers, preferably associated with magnetic tape and cassette recorders. Age roughly 28-35. Salary up to about £8,000. Gerry Mallon, 0452-35525.

A couple of project managers are needed in Iraq by Roxby Engineering. They'll be responsible for all construction work on a semi-integrated steel plant, and a sponge iron plant (which my mind's eye pictures as a sort of loofah-bearing gas lamp). At least six years senior experience on overseas construction projects is wanted, so is fully fluent French. Qualified engineers preferred. Salary £10,000, no tax, free accommodation, etc. Pat Loyd, 01-235 7030, extension 218.

FINALLY, advance news of two being handled by the Civil Service Commission. Inquiries thereto at Alencon Link, Basingstoke, Hants RG21 1JB—tel. Basingstoke 68551 or answering service on 01-839 1992.

A qualified architect, surveyor or structural engineer is needed by the architects and building branch of the Department of Education and Science. Job involves professional, technical and financial aspects of the work of bringing schools and colleges into line with the National Building Regulations and rulings under the Health and Safety at Work Act 1974. Several years relevant experience at responsible level—including first-hand developing or evaluating national or local building regulations—is necessary. Starting salary £6,690-£7,860. Base London. Reference T/9182.

A registered and graduate pharmacist is wanted as pharmaceutical director in the Medicines Division of the Department of Health and Social Security. Candidates must have managerial experience preferably in the pharmaceutical industry covering production, development or quality control. Recruits will lead about 60 graduate staff. Base London. Salary £11,410. Ref. T/9185.

APPOINTMENTS

Executive change at NCB

Mr. Gordon Milligan, director-general of industrial relations at the NATIONAL COAL BOARD, is to retire on December 31. He is succeeded by Mr. Reginald Thompson, director of wages and deputy director-general, from January 1.

Mr. Milligan joined the NCB in 1947 in its establishments (finance) directorate. He became deputy director-general of industrial relations in 1957 and director-general in 1964.

★

Mr. R. C. Thornton, who has been chief executive of the group since July 1, 1974, has been appointed deputy chairman of DEBENHAMS.

★

Mr. J. C. Murphy has been appointed a director of BRITTAINS from January 1. He retains his present posts as managing director of Kenmac Construction Company and of the civil engineering divisional Board of the Brittains Group.

★

Mr. Peter Dupere has been appointed vice-president of SPHERE DRAKE (UNDERWRITING), part of the Alexander Howden Group, with responsibility for a new liaison office in Tokyo.

★

Mr. T. H. Caulcott has been appointed to succeed Mr. R. H. McCall as secretary of the Association of Metropolitan Authorities from May 1. Mr. Caulcott is currently principal finance officer for local government financial policy in the Department of the Environment. He was previously in the Treasury and was private secretary to successive Chancellors of the Exchequer between 1961 and 1964.

★

Mr. J. P. Frearson has been appointed chief marketing manager of the MERSEY DOCKS AND HARBOUR COMPANY. He will take over on January 1 from Mr. Ken Bickerstaff, who is retiring early at his own request for several reasons.

★

ELECTRONIC CALCULUS, the newly formed U.K. subsidiary of Electronic Calculus Inc. of New York, has announced the appointment of Mr. Ramesh Chandwani as managing director and Mr. Bernard Dyer as marketing director.

★

LOUIS C. EDWARDS AND SONS (MANCHESTER) has announced the following new management appointments: Mr. George McCord, previously managing director, manufacturing division, becomes managing director of the new products division. Mr. John Edwards relinquishes his post as group marketing controller to become deputy managing director of the new division.

★

Mr. Robert Cockburn, director and general manager of Union Trucks, has been elected to the Council of the INSTITUTE OF THE MOTOR INDUSTRY. He is vice-chairman of its Newcastle-upon-Tyne committee.

★

Warren J. Smith has been named general manager of the consumer products division of the CARBORUNDUM COMPANY.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Env. Design at St. Katharine-by-Tower (cl. Jan. 3)	Design Centre, S.W.1
Jan. 1—11	International Boat Show	Earls Court
Jan. 1—11	Camping and Caravan Exhibition	Olympia
Jan. 4—7	Brighton Gift Fair	Metropole Centre
Jan. 6—10	Homes, Food, Fashion and Leisure Exhibition	Derby
Jan. 10—17	Ideal Home Exhibition	Wool Exchange, Bradford
Jan. 10—17	Intnl. Racing and Sporting Motor-cycle Show	Royal Hortic. Halls
Jan. 10—18	Holiday '76 Show	Bingley Hall, Birmingham
Jan. 11—15	West Country Gifts Fair	Palace Hotel, Torquay
Jan. 14—21	International Hotel and Catering Exhibition	Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Handling Equipment Exhibition (cl. Dec. 10)	Paris
Current	Beirut Motor Show (cl. Dec. 14)	Beirut
Dec. 11—17	International Caravan Show	Amsterdam
Jan. 5—8	Hotel and Restaurant Industry Fair	Amsterdam
Jan. 5—8	Travel and Leather Goods Souvenirs Fair	Utrecht
Jan. 6—9	European Knitwear Exhibition	Milan
Jan. 7—9	Consumer Electronics Show	Chicago
Jan. 8—12	Carpet and Floor Coverings Exbn.	Paris
Jan. 9—18	National Sports and Boat Show	San Francisco
Jan. 14—18	Cellar Machinery and Equipment Exhibition	Zaragoza, Spain
Jan. 14—18	Home Furnishing Textile Fair	Frankfurt
Jan. 15—19	National Furniture Exhibition	Paris
Jan. 15—20	International Lighting Exhibition	Paris
Jan. 16—25	Do-It-Yourself Exhibition	Stockholm

BUSINESS AND MANAGEMENT CONFERENCES

Current	IPM: Management Development (cl. Dec. 12)	Clive Hotel, N.W.3
Current	W. D. Scott: Effective Office Mangt. (cl. Dec. 12)	Moor Hall, Cookham, Berks.
To-day	Tack: Effective Leadership (cl. Dec. 10)	London, S.W.1
To-day	ABRAXAS: Basic Synectics Course (cl. Dec. 12)	Richmond Hill Hotel
Dec. 9	Inst. Admin. Man.: Telephone Supervisors	Bloomsbury Ctre. Htl., W.C.1
Dec. 9	IPC: Community Land Bill	Cafe Royal, W.1
Dec. 9—11	Inst. Int. Auditors: Internal Auditing	South Bank Poly, S.E.1
Dec. 9—12	Urwick Centre: Man. Information Systems	Slough
Dec. 10	Hull C.C.: Development Opportunities in Hull	Connaught Rooms, W.C.2
Dec. 10—11	Assn. Cert. Accnts.: Cash Flow and Liquidity	Hotel Russell, W.C.1
Dec. 11	Operational Research Soc.: Coping with Inflation	Portman Hotel, W.1
Dec. 11—12	Market Imp.: Managing Marketing Function	7 Kendall Place, W.1
Dec. 14—19	Coverdale Org.: Prep. Conf. for Middle Man.	Brockenhurst, Hants.
Dec. 15	Inst. Marketing: New Product Development	Scottish Bus. Sch., Glasgow
Dec. 15—19	P-E Cons. Gp.: Fin. for Non-Fin. Managers	Training Centre, Egham
Dec. 16	Econ. Models Grp.: Economic Prospects for 1976	30, Old Queen Street, S.W.1
Dec. 16	Henley Centre: Exchange Rate Movements in 1976	Carlton Tower, S.W.1
Dec. 16	Invest. and Prop. Studies: Taxation of Trustees	Royal Lancaster Hotel, W.2
Dec. 17	BACIE: Youth Employment and Training	Royal Lancaster Hotel, W.2
Dec. 18	Euro. Study Conf.: Practical Trust Planning	Hilton Hotel, W.1
Dec. 30—31	IEE: Electronics in Crime Prevention	Savoy Place, W.C.2
Jan. 5—9	BACIE: People in Training	Burlington Hotel, Eastbourne
Jan. 8	Euro. Study Conf.: EEC Patent Convention	Inter-Continental Hotel, W.1
Jan. 12—13	Brunel University: Managing Uncertainty	Uxbridge
Jan. 15	WTI: Trading Opportunities with COMECON	World Trade Centre, E.1
Jan. 15—16	IPM: The Secretary In Personnel Management	Whites Hotel, W.2

SALEROOM

Timepiece makes £14,000

A QUARTER repeating alarm timepiece, which goes for a month on one winding, by the English clockmaker Thomas Tompion made £14,000 in the fourth session of a sale of property of the late Mrs. Charles Dunlap, held by Sotheby Parke Bernet, New York.

Another Tompion, a rare bracket clock in a late 17th century boule case, made £11,000.

The sale totalled £100,000, bringing the total for the whole of the collection in New York to £920,450. Dunlap gold boxes were sold in Monte Carlo, on December 1, for £287,000.

In another sale at Sotheby Parke Bernet, New York, 19th century European paintings from the collection of the late Geraldine Rockefeller Dodge made £291,800, bringing the total for her collection to £3,386,800 so far.

Highest price at this sale was £40,000 for Jean Francois Millet's *Petite Bergere Assise.*

Mr. Jack Warner of the Tuscaloosa, Alabama, Yacht Club, bought Sir Edwin Landseer's *Alpine Mastiffs Reanimating a Distressed Traveller,* for £11,000 and Rosa Bonheur's *The King of the Forest* for £10,500.

He said the Landseer would hang behind the bar in the yacht club.

Prices could show inflation rate speed-up

By Michael Blanden

RETAIL PRICE figures for November due on Friday could show a temporary acceleration in the inflation rate after the recent signs of a slowdown.

Nevertheless, as the impact of earlier wage rises continues to weaken as a result of the £6 pay rise limit, there is growing confidence in Whitehall that the underlying trend of retail price inflation will continue to slacken.

It is felt that recent movements have suggested that the target of getting it down to perhaps 10 or 12 per cent. by the end of next year could be met.

The most significant source of concern at present has been the indication of a renewed upward trend in the level of manufacturers' raw material costs, which jumped 3½ per cent. in October. The latest wholesale price figures, for November, are expected to-day.

A comprehensive review of recent developments in the economy and the financial system should be provided by the Bank of England's latest Quarterly Bulletin, due this week.

On Friday the markets will also be looking with interest at the latest trade figure for November.

In October the U.K.'s visible trade deficit remained little changed at £206m., but there is uncertainty over how far future performance will be affected by industry's stock position.

The big stock run-down in the first nine months of the year contributed substantially to the decline in the volume of imports, but it is likely that there is little more de-stocking to be done now.

The trend in industry will also be illustrated by the latest clearing bank lending figures. In the previous month, these showed a significant rise in lending to industry, the first this year.

But it is felt in banking circles that this was a temporary movement, and the underlying demand for loans remains very slack.

Gannet puts £1m. into North Sea

By Ray Dafter

A BRITISH company is investing more than £1m. to develop directional drilling expertise in the North Sea and other offshore oil prospecting areas.

Gannet Offshore Production Services has increased its holdings in the directional drilling company Drill-Tech from 23 per cent. to 70 per cent. as part of a financial package involving more than £330,000. It is "the first step" of a programme involving more than £1m.

Drill-Tech claims to be the first British company active in the specialised business of directional drilling.

£800 a day

Most North Sea fields are being developed from fixed production platforms and to drain the distant parts of a reservoir or to inject water at the edge of the oil find, it may be necessary to drill wells at angles of more than 45 degrees to reach targets up to three miles from the platform.

Directional drilling can cost up to £800 a day for a single rig.

Gannet was formed by the Charterhouse Group last year by the placement of share with leading institutions.

Electricity Council's publicity attacked

THE ELECTRICITY Council came under fire from the National Consumer Protection Council yesterday for "its lack of public relations with its consumers."

The Protection Council said: "Electricity bills this winter will shock the nation. The Electricity Council is not considered to be doing its job in helping to soften the impact on the consumer. The publicity is appalling and the 'save it' campaign hardly ruffles the surface of the consumers plight."

The NCPC proposes that the Electricity Council should publicise widely the little-known fact that consumers can buy regular saving stamps towards their coming bills at their local showroom.

"The Electiricity Council can, and must, make it its concern to eliminate excessive bills which have become a major scandal adversely affecting particularly the elderly and lower income groups.

The estimation of meter readings is too widespread and should be stopped except where actual readings cannot be obtained by any other means, the protection council suggests.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

[illegible]

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
1M	1S	Exch.6½pc 1976‡‡	98 13/16	28.7	6.57	11.14
15F	15A	Treasury 6½pc 1976‡‡	96¾	9.7	6.72	11.43
1M	1S	Victory 4pc 1976‡‡	98⅝	28.7	4.04	—
14J	14D	Treasury 10½pc 1976‡‡	99⅜xd	7.11	10.57	11.21
10M	10S	Treasury 6¼pc 1977‡‡	95½	9.7	6.57	10.49
15M	15S	Electric 3pc 74-77	94⅝	11.8	3.17	7.50
26M	26S	Treasury 11½pc 77‡‡	100	28.8	11.41	10.95
15M	15N	Treasury 3pc 77‡‡	92xd	9.10	3.26	7.42
20J	20D	Transport 4pc 72-77	91xd	13.11	4.38	8.75
15M	15S	Treasury 9pc 1978‡‡	94⅜	11.8	9.53	11.87
14J	14J	Treasury 10½pc 78‡‡	97xd	9.6	10.79	11.69
26M	26S	Exchequer 5pc 76-78‡‡	87	20.8	5.70	10.13
9M	9S	Treasury 11½pc 78‡‡	99	4.8	11.55	11.64
17M	17S	Treasury 3pc 79‡‡	81	11.8	3.69	8.97
26M	26S	Electric 4¼pc 74-79	82	20.8	5.13	9.80
1M	1N	Treasury 10½pc 79‡‡	95	25.9	11.00	11.97
—		Do. 10½pc 1979 'A'	95	—	11.00	11.98
15M	15N	Electric 3½pc 76-79	81	9.10	4.30	9.26
3M	3S	Treasury 9pc 1980‡‡	89½	28.7	10.05	12.22
14M	14N	Treasury 9½pc 80‡‡	90⅝	8.10	10.48	12.30
15J	15D	Treasury 3½pc 77-80	80⅝xd	10.11	4.34	8.78
15J	15D	Funding 5¼pc 78-80‡‡	84⅝xd	10.11	6.20	9.51
Five to Fifteen Years						
15J	15J	Treasury 11¾pc 1981	97⅜	—	12.02	12.66
15F	15A	Do 3½pc 79-81	77½	9.7	4.58	9.33
15J	15J	Do 8½pc '80-82‡‡	87⅜	9.6	10.12	12.29
17M	17S	Treasury 12pc 1983‡‡	98½	11.8	12.52	12.89
15J	15J	Funding 5½pc '82-84‡‡	72⅝	9.6	7.78	11.06
10J	10J	Treasury 8½pc '84-86‡‡	76½xd	4.12	11.00	12.42
1M	1N	Funding 6½pc '85-87‡‡	66½	25.9	9.87	12.10
26J	26J	Treasury 7¾pc '85-88‡‡	71¾	19.6	11.31	12.95
1J	1J	Transport 3pc '78-88	42¾xd	25.11	6.98	11.84
15A	15O	Treasury 5pc '86-89	51	8.9	9.95	12.72
15J	15D	Treasury 8¼ 87 90‡‡	65⅞xd	10.10	12.55	13.70
Over Fifteen Years						
5A	5O	Funding 5¾pc '87 91‡‡	51⅛	1.9	11.47	13.54
22J	22J	Treasury 12¼pc '92‡‡	90½	—	14.79	15.03
14J	14J	Treasury 12½pc '93‡‡	89¼	9.6	14.84	15.06
15M	15S	Funding 6pc 1993‡‡	49¼	11.8	12.53	14.02
17M	17N	Treasury 9pc '94‡‡	64	13.10	14.18	14.77
1M	1N	Gas 3pc '90 95	30⅝	25.9	9.89	12.80
15M	15N	Treasury 12¾pc '95‡‡	85⅝	9.10	15.03	15.17
15M	15S	Treasury 9pc '92/96‡‡	64⅛	11.8	14.41	14.91
1A	1O	Redp. 3pc 1986-96	29¼	26.8	10.27	12.80
22J	22J	Treasury 13¼pc '97‡‡	92⅝	—	15.16	15.23
—		Do. 13¼% '97 'A'	88¼	—	15.04	15.13
1M	1S	Treasury 8¾pc 1997‡‡	62¼	28.7	14.60	15.02
1M	1N	Treasury 6¾pc '95-98‡‡	48⅜	25.9	14.15	14.83
15J	15J	Treasury 9½pc 1999‡‡	68	9.6	14.80	15.07
14J	14J	Funding 3½pc '99-04	27¼	9.6	13.29	14.09
5A	5O	Treasury 8pc '02-06‡‡	54⅞	1.8	14.94	15.07
10M	10S	Treasury 5½pc '08-12‡‡	38½	4.8	14.80	14.90
26J	26J	Treasury 7¾pc '12-15‡‡	54⅛	19.6	15.12	15.14
Undated						
1F	1A	Consols 4pc	27⅜	25.6	15.41	—
1J	1D	War Loan 3½pc‡‡	23½	27.10	14.93	—
1A	1O	Conv. 3½pc '61 Aft.	24¼	26.8	14.83	—
5A	5O	Treasury 3pc 66 Aft.	20⅛	1.8	15.30	—
5J.A.J.O.		Consols 2½pc	16½xd	1.12	14.97	—
1A	1O	Treasury 2½pc	16⅝	26.8	15.47	—

**INTERNATIONAL BANK

15F	15A	5pc Stock '77-82	68¾	18.7	7.43	12.23
31J	31J	8pc Stock 1978	97½	27.7	8.21	12.46

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

†† INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Trusts, Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Aug. Feb.	Durban Deep R1	345	30.6	‡Q119c	ϕ	‡
Aug. Feb.	E. Rand Prp. R1	575	30.6	‡Q115c	ϕ	‡
—	Rand Leases 2½c	25	6.58	—	—	—
— —	Randf'tn Est. £	£17½	12.70	—	—	—
Aug. Feb.	West Rand R1	145	16.6	Q10c	ϕ	3.9

EASTERN RAND

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
May Nov.	Bracken R1	186	22.9	Y52c	ϕ	15.4
February	Daggafontein 50c	11	17.2	—	—	—
Aug. Feb.	East Dag R1	35	12.74	‡Q25c	ϕ	‡
Aug. Feb.	Grnl. Areas 5c	140#	6.10	—	—	—
Aug. Feb.	Grootvlei 30c	128	30.6	‡Q32c	1.1	‡
May Nom.	Kinross R1	420	22.9	Q54c	ϕ	7.7
May Nov.	Leslie 70c	64	7.4	Q18c	ϕ	15.5
Aug. Feb.	Marievale 70c	205	30.6	‡Q84c	1.1	‡
Aug. Feb.	S. African Ld. 35c	195	30.6	‡Q85c	1.2	‡
Aug. Feb.	Vlakfontein R1	98	30.6	‡Q55c	1.3	‡
May Nov.	Winkelhaak R0	700	22.9	Q108	ϕ	8.5
Sept.	Wit. Nigel 25c	36	8.74	—	—	1.4

FAR WEST RAND

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Feb. Aug.	Blyvoor 25	710	30.6	Q100c	1.3	7.3
Feb. Aug.	Buffels R1	£14¼	16.6	Q180c	1.4	7.1
—	Deelkraal R0.20	200	—	—	—	—
Feb. Aug.	Doornfontein R1	670	30.6	Q110c	1.4	8.8
Aug. Feb.	East Drie R1	910	30.6	†55c	ϕ	4.0
Feb. Aug.	Elsburg R1	275	30.6	Q55.5c	ϕ	9.0
Feb. Aug.	Hartebeest R1	£16¼	30.6	Q215c	1.4	7.1
Feb. Aug.	Kloof Gold R1	675	30.6	Q55c	1.4	4.5
Feb. Aug.	Libanon R1	615	30.6	Q110c	1.9	9.9
— —	Southvaal 50c	680	12.74	Q9c	0.9	0.7
Aug. Feb.	Stilfontein 50c	230	16.6	Q36c	ϕ	8.9
Aug. Feb.	Vaal Reefs 50c	£21	30.6	‡Q220c	1.7	‡
Feb. Aug.	Venterspost R1	340	30.6	Q70c	1.9	11.4

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Burma Mine 17½p	8	19.5	m0.5	—	1.7
—	Charterhall 5p	29	3.67	—	—	—
—	Colby Mines $1	68	—	—	—	—
Aug. Feb.	Cons. Murch. 10c	800	30.6	‡Q130c	2.2	‡
— —	Lanrasia	37	—	—	—	—
July	Northgate C$1	235	27.3	tQ25c	1.0	5.9
Jan. June	R.T.Z.	176	17.11	g5.51	4.4	4.8
—	Sabina Inds. C$1	114	—	—	—	—
—	Stanford Mines‖	48	—	—	—	—
—	Tara Expln. $1	£10½	—	—	—	—
— —	Yukon Cons. C$1	70	11.65	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ✤ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ¢ Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1974-75. Q Gross. T Futures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 29

FINANCIAL TIMES

Monday December 8 1975

Lifeguard offers £1 on some policies

By Stewart Fleming and Eric Short

ABOUT a fifth of the 120,000 policyholders of Lifeguard Assurance—the life assurance concern, backed by Lloyd's of London brokers, which has had to stop taking on new business—will receive only a nominal sum of £1 if they ask to cash in their policies early.

If these savers decide to opt for a "paid-up" policy—that is, to stop paying new premiums but to leave the money they have already invested in the company—their policies will also be given a nominal value. This is because the "paid-up" value is related to the surrender value of the policy.

The company said yesterday that it was unclear when Lifeguard might be able to decide to reinstate the more generous surrender and paid-up values offered before news of Lifeguard's capital problems emerged.

Long-term

The decision to cut the values was taken to try to ensure that there was no run on the fund by policyholders cashing-in, it said. Such development could have endangered the savings of customers who were meeting their contractual payments on what was long-term investment.

The present nominal surrender values mean that a customer with a whole life non-profit life policy with Lifeguard will get back only £1 if he decides to cash in the policy even though he may have paid several hundred pounds in premiums.

Lifeguard said that much of the company's business was not affected by the "draconian" cuts in surrender and paid-up policy values. Where payments were guaranteed—such as on annuities and guaranteed income bonds—no change had been made.

New capital

The decision to cut surrender values, which affects mainly Lifeguard's non-profit whole life business, was taken in the first week of November when the company ceased to taken on new business.

It emerged then that Lifeguard needed up to £1.25m. of new capital to meet its liabilities. Subsequently it became apparent that the company would need well over £3m. to start taking on new business again.

On November 22 a number of leading Lloyd's of London insurance brokers said that they had agreed in principle to put up the £1.25m. of new capital to support Lifeguard. Talks have been going on to formalise this commitment.

After a meeting of a committee of leading shareholders on Friday, it is now anticipated that an announcement giving details of an agreement to support Lifeguard and its effect on policyholders will be made later this week.

Europe likely to query defence cutbacks

BY MALCOLM RUTHERFORD

MR. ROY MASON, the Defence Minister, is likely to run into a barrage of cross questioning about reports of further defence cuts when he attends the meeting of the ten-nation Eurogroup in Brussels to-day.

Mr. Mason, who is opposed to large-scale cuts, is expected to say that no final decision has yet been taken.

He may have to return to London to-morrow to attend a crucial but not necessarily final, Cabinet meeting on this issue. If so, he would be in the unusual position of missing at least part of the winter meeting of NATO Defence Ministers on Tuesday and Wednesday.

The Defence Ministry has been asked by the Treasury to find cuts of up to £500m. a year at 1974 prices by 1979—on top of the cuts of £4.7bn. over a ten-year period announced in the last defence review.

The Ministry view is that while it might be possible to find cuts of up to £150m., anything further would involve a drastic reduction in commitments.

Some NATO countries have already expressed concern, though it is not inevitable that British cuts would be followed by cuts elsewhere and one view, heard in British political quarters, is that it is now up to countries with more successful economies to play a larger part in the Alliance.

The shadow of the British cuts has come when NATO is poised to make progress in other areas, in particular closer collaboration on arms procurement and production.

The French Government has given an initially favourable response to proposals by the Eurogroup last month which would allow France to co-operate with the other Europeans without being obliged to join the Eurogroup.

The French response will be discussed by the Eurogroup to-day and will be taken up later in the week by the NATO Foreign Ministers' Council, which includes both the French and the Americans.

The long-term aims are closer co-operation between the Europeans and a more balanced arms trade between Europe and the U.S. At present, the ratio is about ten-to-one in the Americans' favour.

This week's meetings should also see an attempt at mediation in the Anglo-Icelandic cod war. Mr. Einar Augustsson, the Icelandic Foreign Minister, has agreed to attend, partly at the urging of other Nordic Ministers, who will no doubt urge talks with Mr. James Callaghan, the Foreign Secretary. The Norwegians and the West Germans have already offered to use their good offices.

Internal disputes apart, Ministers will concentrate on the state of detente shortly after President Ford's visit to Peking and probably shortly before a meeting between Dr. Kissinger, the U.S. Secretary of State, and the Soviet Foreign Minister, Mr. Gromyko.

There have been discouraging developments—the lack of progress in the strategic arms limitation talks (SALT) and in the talks on force cuts in Central Europe—and Ministers will in effect be asking themselves to what extent detente still exists.

Editorial Comment Page 10
EEC meetings, Page 5

Healey to meet TUC on jobless

By Lorelies Olslager, Labour Staff

TRADE UNION leaders will meet Mr. Denis Healey, the Chancellor of the Exchequer, on Wednesday to put forward their proposals for Government action on unemployment.

The TUC economic committee will finally approve the union strategy on Wednesday morning before calling on Mr. Healey in the afternoon.

Mr. Jack Jones, general secretary of the Transport and General Workers' Union and one of the main architects of TUC economic policy, yesterday made it clear that the unions are not pressing for all-out reflation through consumer spending.

While inflation continued at 1975 levels "there is little chance of inducing the levels of confidence and investment which are the pre-requisites of a return to full employment," he said.

But "those who own and control the great sources and accumulations of wealth should no longer be permitted the freedom to deny our industries the fixed capital investment on which our future depends."

It was not public spending that had caused Britain's problems. The real enemy was inertia.

The only way out of the present difficulties was to create jobs, utilise spare capacity, invest in the best machines, boost exports and to start building up stocks "for the brighter period ahead."

Rolls-Royce hopes to sign U.S. and China engine deals

BY MICHAEL DONNE

ROLLS-ROYCE (1971) is hoping to sign two major agreements soon, which could determine a substantial part of its future aero-engine manufacturing activity.

One is with China, for the supply of Spey engines and technical know-how to enable the Chinese to set up their own Spey production facilities.

The second is with Pratt and Whitney of the U.S., for the development of a range of new civil engines over the next 10 to 20 years.

Both deals have been under discussion for a considerable time. Negotiations for the Chinese deal have been particularly lengthy, partly because the Chinese are tough negotiators and partly because of the need to obtain political clearances at home.

But it is hoped that these discussions are nearing conclusion and that it will be possible for Sir Kenneth Keith, chairman of the State-owned Rolls-Royce, to fly to Peking during the next week or two to sign an agreement.

The second deal, with Pratt and Whitney, has been worked out over the past few months following an earlier agreement between the two companies to explore the possibilities of working together on power plants for aircraft of the future.

A broad plan has been drawn up, but this has had to be submitted to the Department of Justice for clearance under U.S. law.

It is hoped that this clearance will be given soon, enabling the two companies to clear up the details and sign a formal understanding around the end of this year, or early in 1976.

The plan basically is for the two companies to collaborate on the development of two new aero engines—one with about 24,500 pounds of thrust, the so-called "10-ton thrust" engine, based on the existing Pratt and Whitney JT-10D. The other will be a smaller engine with about 6,000 pounds of thrust, based on the Rolls-Royce RB-401 design, for use in business jets and other light transport aircraft.

Under the plan, Pratt and Whitney will do 54 per cent. of the work on the JT-10D, with Rolls taking 34 per cent. The remaining 12 per cent. will be shared by two Continental companies, Motoren-und-Turbinen Union of West Germany and Fiat of Italy.

On the RB-401 development, Rolls will have the 54 per cent. stake, Pratt and Whitney 34 per cent., while MTU and Fiat will again share the remaining 12 per cent.

The aim of the collaboration on the JT-10D is to provide competition for the rival Franco-American CFM-56 engine, now being developed by General Electric of the U.S. and Snecma of France.

Both the JD-10D and the CFM-56 are intended as power plants for the next generation of short and medium-range civil airliners. These are being discussed on both sides of the Atlantic, but are awaiting an improvement in the economic climate and the world air transport industry before being given any go-ahead.

There is no doubt that any U.S. deal will be of considerable benefit to Rolls-Royce in the years ahead, but it also will require further large sums of U.K. Government launching aid.

Pratt and Whitney has estimated that the cost of the JT-10D is about $500m., of which the Rolls share would be about $170m. (£85m.)

But both companies are convinced that, in the long run, there is a substantial market for an engine of this type and also that it would be foolish for either of them to opt out of meeting the requirement or to compete with each other on rival engines.

Margaret Reid writes: Shareholders of the old Rolls Royce, which failed in 1971, are expected to receive the surprise news to-day that, after all, another payment will be made to them soon.

This may well be about 5p a share, on top of the 50p already paid out of the expected surplus of 58.1p a share.

When the recent annual statement of the joint liquidators was circulated, no early further distribution appeared to be in sight. Now, however, it seems that the final stages of clearing up the collapsed group's affairs are taking longer than expected.

Thus, at the annual meeting this morning, holders are likely to be promised another payment on account before the final winding up of all outstanding matters.

Assets remaining unliquidated include land, mainly in Bristol, which it is not easy to sell advantageously in the present climate, and the stakes in Short Brothers and Harland, and Bristol Aerojet. The latter are likely to be sold to the Government.

Informal talks with doctors on pay beds

By Lorelies Olslager

THE GOVERNMENT held "informal" consultations with doctors' leaders over the week-end in an attempt to find a solution to the controversy over phasing out pay beds from National Health Service hospitals.

The secret consultations followed a meeting between representatives of the major doctors' organisations and Mr. Harold Wilson, the Prime Minister, at No. 10, Downing Street on Wednesday, when the Government promised that it soon would be in touch with the profession again.

Mr. Wilson was not personally involved in the week-end contacts, a spokesman for No. 10 Downing Street said.

The Department of Health and Social Security, meanwhile, is expected to make an early approach to junior doctors represented by the British Medical Association, who on Friday accepted the Government's offer for an independent audit of their overtime bill.

Minister's plan for 'nucleus' hospitals Page 32

THE LEX COLUMN

When rights are ruled out

Plessey does not especially need a rights issue. Nor, to judge by its recent trading performance, does it particularly deserve one. If a group like this can raise substantial sums of new equity from the City with no apparent difficulty, it is fair to ask why so many influential groups of people are currently concerning themselves with the availability of long-term funds for industry.

One possible answer lies in the sizeable group of companies for which the rights issue route is barred. Some of them play an important role in the economy, and many would certainly welcome new money. At least two dozen companies quoted in our engineering sector currently come into the category, and other important examples are to be found among the textile and construction groupings.

Above par

These are the companies which could not hope from their current share price to get an issue underwritten at or above par—which effectively means that they cannot do one at all, since under the Companies Act 1948 shares cannot be issued at any kind of discount from par value without the approval of shareholders and of the Court.

Of course the bull market has made things a great deal easier. Dunlop is one obvious case where, at least technically, the rights issue option has just about been opened to the management by this year's share price performance. But the list of companies which would still find it tricky includes some surprisingly big names, like P & O, or Carrington Viyella.

Among the constituents of the 30 Share Index, John Brown currently stands two-fifths under its nominal value. Its gearing is not that high in balance sheet terms, but its average returns have been low over a prolonged period—culminating in 1974-75, when net cash flow amounted to about £1m. compared with over £8m. of spending on fixed assets and working capital.

Elsewhere in the engineering sector, the net cash outflow on trading at Ransomes Sims last year amounted to £2½m., while Hopkinsons Holdings spent on fixed assets and working capital more than twice as much as it generated. In the textile sector, Corah has been cutting its U.K. production facilities this year, while among the food companies Bibby has relied on disposals to keep its gearing in check over the past two years.

It could be that the proposed equity bank will find its role in below-par situations. Fodens is the case most frequently quoted by protagonists of the scheme as the sort of company which should merit support from the private sector: it received an injection of convertible redeemable preference shares. But there would be no point in setting up a formal institution simply to get round the technical problems brought about by a low share price, for long-term problems are not solved simply by rights issues. After all, John Brown raised £5¼m. six years ago, at roughly 3¼ times the current share price.

To have any lasting value, an equity bank will have to be concerned with profitability and management, and not just cash.

Interim reports

The time has come for the Stock Exchange to revise its requirements for companies' half-yearly reports. While standards of financial disclosure in preliminary statements and balance-sheets have improved significantly in recent years, only a few companies make any real effort with their interim statements. Most are content simply to satisfy the minimum requirements, which have become inadequate. Some do not even go that far.

The present Stock Exchange rules are that all listed companies should produce interim reports within six months of the notice convening the AGM, and that in the absence of "special circumstances" the statement should include sales, profits, tax and earnings figures.

However, these are not rigid requirements. Last Tuesday, Swan Hunter announced that in view of the uncertainty surrounding a major part of its workload, it was not going to produce interim figures this year. This decision did not, apparently, have the Stock Exchange's prior approval. On Thursday, Drake and Cubitt gave a brief progress report on its troubled A305 contract: this came more than seven months after the last AGM, and followed detailed press reports about the scale of the group's losses on this contract. It now seems unlikely that the group will produce six month figures for a year which actually ended last month.

Both companies can point to special circumstances in their current trading, and even at the best of times there are obvious difficulties in producing valid short-term profit statements from groups which are mainly involved in long-term contracts. Yet shareholders still need some guidance. There were no figures at all in the Drake and Cubitt statement, and although overall liquidity was described as satisfactory, further detail would obviously have been welcome considering that tangible net assets represented less than one-fifth of outstanding debt a year ago.

Balance sheet

The fact is that any number of companies have recently discovered that when it comes to making a rights issue it is possible to produce a few basic balance sheet figures at times other than the year-end. A few companies, like Hanson Trust, already produce full interim balance sheets as a matter of course. Consolidated figures are a comparative novelty across the Channel: even so, Saint Gobain - Pont - à - Mousson recently produced a half-yearly balance sheet plus a source and use of funds table, which goes a great deal further than any U.K. group of comparable status.

Perhaps the most detailed interim report yet came a couple of weeks ago from engineering group Edgar Allen Balfour. As detailed as many annual reports, it included a balance sheet, a cash flow statement, and an analysis of sales and profits by product and territory.

So it can be done. Progressive companies would do well to pay more attention to what is, after all, one of the most important points of contact with their shareholders. As for the Stock Exchange listing requirements, it is worth considering the thought that when companies cannot produce profit figures for one reason or another, a detailed liquidity statement would usually do just as well.

Baton-charging police break up Left-wing protest in Madrid

BY ROGER MATTHEWS

MADRID, Dec. 7.

OVER 100 people were arrested in Madrid to-day as police showed that the take-over of King Juan Carlos as Head of State has not affected their determined ruthlessness in dealing with would-be demonstrators.

Using tear gas and baton charges—and backed up with water cannons, large sections of mounted officers and helicopters—they broke up attempts by Left-wingers to call for a political amnesty outside the city's main gaol.

Near Carabanchel Gaol, where at least 50 people were arrested, several were injured when they were knocked to the ground and beaten with truncheons. Lawyers who visited central police headquarters claimed that the number of arrests was over 200.

Earlier, political police arrested the country's best-known working-class leader, Sr. Marcelino Camacho, principal leader of the underground trade union movement, who was released from jail only a week ago under the terms of King Juan Carlos' partial pardon.

Three police jeeps were stationed outside his home this afternoon, some of their officers armed with sub-machine guns, to ward off possible protest demonstrations. His wife and lawyer went to the central police station, but were unable to see him.

He was later accused of taking part in an illegal meeting at Madrid University last Thursday, and of helping to co-ordinate to-day's demonstrations.

Illegal political parties have called strikes and demonstrations throughout Spain, from Wednesday, to protest at the denial of political freedoms, the King's apparent unwillingness to introduce a degree of democracy, and the ceiling imposed on wage rises.

Father Garcia Salve, arrested with Sr. Camacho in 1973 and released less than a week ago, is also back in police custody.

Many heavily armed police were stationed throughout the southern area of Madrid this morning. Small groups of people who might have been planning to demonstrate were immediately broken up by baton charges.

It is against this background of mounting Left-wing hostility, that the King's choice as Prime Minister, Sr. Carlos Arias, has has to begin this week forming a new Government.

Leading politicians, including those with more liberal tendencies who had been tipped as candidates for the premiership, will have a difficult decision to make if offered a job. They have to assess the possible duration of the new Arias government and the chances of their "liberal" image being tainted if the administration fails to satisfy the country's demands.

Semi-official sources say Sr. Arias is planning to change at least half the Cabinet and renew his attempts at mild political liberalisation

Opposition politicians, including those of the Centre Right, said this week-end that Sr. Arias was at a severe psychological disadvantage. He had already been roundly defeated once and, apart from the death of General Franco, nothing else had changed.

Continued from Page 1

Import curbs threat to loan

William Keegan, Economic Correspondent writes: Treasury sources firmly denied any suggestion that the U.S. or other countries were using the IMF as a means of putting pressure on the U.K. not to impose import controls.

The international reaction to reports on the U.K.'s plans has undoubtedly been hostile, but the Government firmly maintains that the possibility of introducing controls was included in the "existing policies" discussed with the Fund before the announcement that Britain was going to apply for the $2bn. loan.

Indeed, it appears that there were quite intensive discussions of import controls before the application was announced last month.

Equally, the British Government maintains that the split of the loan—that is, $1.2bn. from the Oil Facility and $800m. from the first and automatic credit tranche, was also thoroughly discussed in advance.

To suggestions that Britain is pre-empting resources from less-developed countries by applying for the Oil Facility, officials here reply, first, that the Fund Facility was originally designed for take-up at commercial rates and second that Britain has only applied for just over half of what Whitehall maintains, it would be entitled to under the Oil Facility.

British officials say they are well aware of the personal views of Dr. Witteveen on import controls.

Navy increases protection for trawlers off Iceland

BY STEWART DALBY

THE GOVERNMENT has sent another Royal Navy frigate into Iceland's disputed 200-mile fishing limit to protect British trawlers from harassment by Icelandic gunboats. HMS Galatea left the Clyde yesterday to join HMS Brighton, HMS Falmouth and the auxiliary vessel Tidepool inside the contested area. Two ocean-going tugs and three oil rig supply vessels on charter to the Ministry of Agriculture and Fisheries are also there attempting to prevent Iceland's fleet of coastguard cutters from cutting British ships' trawls or trawl warps.

Iceland added two new vessels to its fleet of seven patrol boats yesterday. A coastguard said the new crews were eager to get into action. The new arrivals were the 1,000 ton Baldur, reported capable of 16 knots, and the Odinn, recently refitted at a Danish yard.

The dispatch of HMS Galatea came only hours after an Icelandic gunboat was in collision with one of the tugs, the Euroman, and also followed conflicting reports that the gunboat, the 920-ton Thor uncovered its gun after being pursued by HMS Brighton. The skipper of Brighton was reported to have said that he had authorisation to fire at the Thor if the Icelandic boat fired first.

Despite these exchanges to the North-east of Iceland, the Ministry of Defence in London said the sending of HMS Galatea did not represent an escalation of the "cod war" as far as Britain is concerned. The new frigate has gone to Iceland's disputed waters because the number of trawlers needing protection has risen, according to the Ministry.

There are now 40 or more British trawlers within the 200-mile area. Two weeks ago just before the first British frigate HMS Leopard was sent to provide protection, there were something like 26.

The collison on Saturday and the alleged gun uncovering episode are the most serious incident since Icelandic gunboats started interfering with British trawlers after the expiry of the two-year interim fishing agreement between Britain and Iceland on November 13.

What appears to have happened is that Thor was in collision with Euroman as Thor moved across Euroman's bows after trying to cut a number of trawler warps. It succeeded in cutting the warp of the Northern Reward from Grimsby. In turning, Thor collided with Euroman. The Royal Navy has described the incident as an accident, while Iceland has claimed that Thor was rammed.

Having sustained some damage to its helicopter landing area, the Thor took off on a zig zag course between trawlers with a number of the British protection vessels led by HMS Brighton in pursuit.

When the Brighton began to catch up with Thor it is alleged that the Thor uncovered its gun. The captain of HMS Brighton, Commander Nick Kettlewell said he had received orders from Captain James Tait, the head of the protection force aboard HMS Falmouth, that he was permitted to fire his guns if fired upon first by Thor.

The Icelandic Government in Reykjavik has denied that Thor uncovered her gun.

The British Foreign Office said that no new meetings between Britain and Iceland to resolve the fishing dispute are scheduled. The last meeting in Reykjavik broke down on November 17 when the two sides disagreed over catch totals.

It is understood that there may be some basis for talks next week in Brussels. The Icelandic Foreign Minister Mr. Einar Agustsson is to attend a Nato meeting there, although nothing has been planned. Both Britain and Iceland are members of Nato and there is a Nato base at Keflavik, in Iceland.

Weather

U.K. TO-DAY

ALL areas: Bright or sunny intervals. Rather cold in N. and E.

London, S.E., S.W., Cent. S., Cent. N. England, Midlands, S. Wales, Channel Isles

Sunny spells. Mainly dry. Wind N.W. moderate. Temperatures near normal. Max. 7C (45F).

E. Anglia, E. England

Bright or sunny intervals. Some showers. Wind N.W., fresh. Rather cold. Max. 6C (43F).

N. Wales, N.W. England, Lake District, Isle of Man, N. Ireland

Bright intervals. Scattered showers. Wind N.W., moderate. Temperatures rather below normal. Max. 7C (45F).

N.E. England, Borders,

Bright intervals. Showers. Rather cold.

Outlook: Cloudy in N., some rain. Mostly dry in S.

Lighting-up: London 16.20; Manchester 16.20; Glasgow 16.14; Belfast 16.28.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	C	8	46	Luxembg.	S	4	39
Athens	S	17	63	Madrid	C	7	45
Bahrain	S	23	73	Manchster.	R	8	46
Barcelona	S	12	54	Melbourne	S	28	83
Beirut	F	19	66	Mexico C.	S	20	68
Belfast	C	9	48	Milan	C	3	37
Belgrade	F	5	41	Moscow	Sn	1	34
Berlin	R	4	39	Munich	C	3	37
Birmghm.	C	9	48	Newcastle	F	9	48
Bristol	C	9	48	New York	S	7	45
Brussels	C	7	45	Oslo	F	4	39
Budapest	S	5	41	Paris	S	9	48
B. Aires	C	30	86	Perth	C	31	88
Cairo	S	23	73	Prague	F	4	39
Cardiff	C	9	48	Reykjavik	C	2	36
Cologne	C	6	43	Rio de J'o	S	29	84
Copnhagn.	R	5	41	Rome	S	16	61
Dublin	C	8	46	Singapore	S	27	81
Edinb'gh	R	10	50	Stockholm	C	0	32
Frankfurt	C	5	41	Strasb'rg	S	7	45
Geneva	S	6	43	Sydney	C	26	79
Glasgow	R	10	50	Tel Aviv	S	19	66
Helsinki	C	−3	27	Tokyo	C	10	50
H. Kong	S	25	77	Toronto	C	0	32
Jo'burg	C	22	72	Vienna	S	5	41
Lisbon	C	10	50	Warsaw	C	2	36
London	C	9	48	Zurich	C	4	39

HOLIDAY RESORTS

Ajaccio	S	15	59	Jersey	C	10	50
Algiers	C	15	59	Las Plms.	S	20	68
Biarritz	C	7	45	Locarno	S	6	43
Blackpool	C	9	48	Majorca	F	15	59
Bordeaux	C	5	41	Malaga	C	15	59
Boulogne	C	7	45	Malta	S	18	64
Casablnca.	C	17	63	Nairobi	S	23	73
Cape Town	S	23	73	Naples	S	12	54
Corfu	C	13	55	Nassau	S	25	77
Dubrovnik	S	9	48	Nice	S	15	59
Faro	F	12	54	Nicosia	C	17	63
Florence	S	11	52	Oporto	S	12	54
Funchal	F	6	43	Rhodes	C	16	61
Gibraltar	C	15	59	Salzburg	C	4	39
Guernsey	C	10	50	Tangier	C	10	50
Innsbruck	F	3	37	Tenerife	S	15	59
Inverness	F	9	48	Valencia	C	15	59
I. of Man	C	9	48	Venice	S	9	48
Istanbul	R	7	45				

S—Sunny. R—Rain. C—Cloud. F—Fair. Sn—Snow.

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